

## Dr Kaunda says force by Britain only solution for Rhodesia

resident Kaunda of Zambia yesterday called for British military intervention in Rhodesia to overthrow the Smith regime and install an executive committee which could include such "genuine whites" as Mr Garfield Todd and

Sir Roy Welensky. In London the Foreign Office said the Government had always been against intervention. In Salisbury Sir Roy Welensky strongly opposed intervention and said he had no part to play on any executive committee.

### London against military action

on Roy Lewis  
saba, March 29

Dr Kaunda said here by that the only role left for him in the Rhodesian struggle after the failure of the 1974-75 negotiations would involve military intervention. What was needed was to get all the rebels, dissolve the illegal Government and Parliament, and install an executive committee with a British chairman. This committee would be representative of all groups and races in Rhodesia, including freedom fighters, both of the African National Union and what he called "genuine whites", such as Mr Garfield Todd and a repentant Roy Welensky.

Dr Kaunda contended that he had the means to enforce such measures and only the will. If Britain took action, he would provide the support for British forces in Rhodesia. He said it was clear that he believes there is no native to force as Mr Smith has exhausted every possibility of negotiation and the intransigence of Mr Smith in his rebellion against Crown.

He said the less he ruled out in mercenary aid to the fighters which, he said, risk repeating the situation in Zimbabwe, this decision depended on non-interference of outside forces on the Rhodesian side, also ruled out participation in the rebellion against the view is that the guerrillas being trained in Mozambique and Tanzania but not in Rhodesia. He said the guerrillas would be able to force Smith regime to give in, and need only arms, money and training by the guerrillas. He said that Mr Kaunda's role was to lead the guerrillas to force the Smith regime to give in, and need only arms, money and training by the guerrillas. He said that Mr Kaunda's role was to lead the guerrillas to force the Smith regime to give in, and need only arms, money and training by the guerrillas.

His reaction to the remark by Mr Gromyko, the Soviet Foreign Minister, that Rhodesia and Zambia were only two places on a map was to ask whether Russia intervened only when blacks were fighting blacks, and was indifferent when blacks fought whites. He called this "racism". Our Diplomatic Correspondent writes: Commenting on Dr Kaunda's statement, the Foreign Office said the British Government had always set itself against military intervention.

As recently as last month, Mr David Ennals, Minister of State for the Foreign Office, told the Commons that if Britain could not contemplate an opposed

intervention in Rhodesia in 1965, it could not seriously be contemplated now. Salisbury, March 29.—Sir Roy Welensky, former Prime Minister of the now defunct Federation of Rhodesia and Nyasaland, today opposed the idea of armed intervention in Rhodesia by Britain.

He said: "I can understand Kaunda's frustration at the course of events in Rhodesia, but I hope that both he and South African Prime Minister John Vorster will continue to persevere with their efforts to find a peaceful solution."

Sir Roy said thousands of whites and blacks in Rhodesia wanted a peaceful settlement but "military intervention would lead to bloodshed and this should be avoided."

Any settlement should be worked out by the Rhodesian Government and Rhodesian black nationalist leaders with Britain acting as a conciliator, he said.

He also rejected President Kaunda's suggestion that he should serve on an interim executive committee to be created by Britain once it had removed the Smith Government. "I can't see that I have any part to play," he said. Mr Garfield Todd, who Dr Kaunda suggested should also be a member of the committee, is under house arrest at his farm.

Mr Nkomo, leader of the African National Council, flew to Lusaka from Salisbury today on a surprise visit to meet President Kaunda.—AP.

Dar es Salaam, March 29.—Tanzania's Foreign Minister today suggested a Commonwealth compensation scheme to encourage diamond whites to leave Rhodesia.

Speaking at a press conference, Mr Ibrahim Kaduma spoke of a Commonwealth effort to "help Rhodesians who think it is obvious to live under a black government". He added: "Maybe the Commonwealth can assist by establishing some sort of scheme compensating these people to leave."

The Commonwealth countries might also consider accepting them as immigrants, he said.

Torture accusations, page 7

## Identity issue in Peter Hain theft case

By Stewart Tendler

A woman bank cashier told a jury at the Central Criminal Court yesterday that she identified Peter Hain, President of the Young Liberals, as a man who snatched £490 from her and fled from a bank in Putney, London, last October.

Mr Hain, aged 25, is charged with the theft of the money from Barclays Bank, Upper Richmond Road, Putney, on October 24. He pleaded not guilty.

Outlining the case for the prosecution, Mr Michael Corkery told the jury: "You might take the view that this was a crime committed on the spur of the moment, not premeditated at all, and he warned them that he was not prejudiced for or against Mr Hain."

He added: "This case is not connected with politics. There is one simple issue, whether this young man committed the crime of theft."

Mr Corkery said that at 12.55 pm on October 24 last Mrs Lucy Haines was serving bank customers when a man asked her to cash a £10 note. As she took out a bundle of £5 notes the man grabbed them and fled.

Mr Timothy Havne, an accountant in the bank, gave chase, from Upper Richmond Road down Putney High Street into Wether Road. Halfway down Wether Road the man turned and threw the money at Mr Havne, saying: "All right, here you are then."

The accountant stopped to pick up the money and was joined in the chase by three boys, aged between 12 and 13. The boys later saw Mr Hain get out of a Volkswagen car and go into a book shop on the corner of Wether Road. Two men who stole the money from the man who had been chased, by the clothes he was wearing, a white check shirt, blue jeans, Hush Puppy shoes, and spectacles.

Mrs Haines in evidence pointed to Mr Hain in the dock and said she helped him up a Photofit picture about an hour after the robbery, and gave a description of the man as 23 to 25 years old, 5ft 11in tall, of sallow complexion, with dark wavy hair.

She said she picked Mr Hain out at the identification parade because of his features, not his hair. At the parade "the man I saw had shorter hair and seemed thinner looking".

A futile, if spectacular, attempt is being made by the ratings assessors of Scottish local authorities to claim huge sums in rates from offshore oil installations.

It is futile because, were it successful, the government would be at once brought in to nullify the decision. Hopes by the local authorities for an enormous windfall are considered quite unreasonable by Whitehall, which would, in effect, be faced with an enforced transfer of cash from the United Kingdom Exchequer to the Scottish region.

Grampian region put in a claim yesterday to assess the rateable value of the Forties field at £8.8m. "This reflects the fact that the oilfield is only under production," the council said. It came after claims from Fife to have jurisdiction in a similar way over the smaller Auk and Argyll fields.

A hearing at the Court of Session in Edinburgh is pending to determine whether councils have rights over the installations, more than 100 miles out in the North Sea.

Life will be regarded as a test case by the local authorities and the oil companies. If they succeed, the assessors of other areas such as the Highland region and Shetland would want to try to levy rates on the installations.

He said these and other

Continued on page 21, col 4

Continued on page 2, col 3



Olympia search: Young children (above) as well as their parents were searched by security men and police yesterday as they waited to enter the Ideal Home Exhibition at Olympia, London, where a bomb exploded at one of the stands on Saturday, injuring 85 people (Clive Borrell writes). More than 20 people hurt in the explosion were still in hospital last night.

## Attempts to rate North Sea rigs will be in vain

By David Leigh and  
Robert Vidyave

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## Mr Callaghan likely to edge ahead in second ballot tonight

By George Clark

Political Correspondent

With no clear-cut decision expected from the second stage of the Labour leadership ballot when the results are declared tonight, Mr Wilson will make ready for one of his last international tasks as head of the Labour Government, to represent the United Kingdom at the European "summit" meeting in Luxembourg on Thursday and Friday.

Among Labour MPs the general expectation is that Mr Callaghan, Foreign and Commonwealth Secretary, will emerge from the third ballot as the successor to Mr Wilson.

But in the second ballot neither he nor Mr Foot, Secretary of State for Employment, seem likely to get the 158 votes needed to win a clear majority.

Mr Foot's supporters reckon to have won over to his side between seven and 11 votes from MPs who first voted for Mr Jenkins, the Home Secretary. One who declared his intention to make that switch was Mr Brian Walden, Labour MP for Birmingham, Ladywood.

Thus Mr Foot's campaign managers were still optimistic that he would retain his leading position at the end of the second ballot. But the most realistic estimate last night was that both he and Mr Callaghan will get between 135 and 145 votes each, with Mr Callaghan slightly in the lead.

Mr Healey, Chancellor of the Exchequer, seems not to have won the support that he needs to stay in the contest.

He will be eliminated as a poor third. But he will have staked a claim to represent the centre-right of the party in any future election for the Labour leader.

Some MPs in both the Healey and Foot camps were saying last night that Mr Callaghan would probably get 145 votes, with Mr Foot in second place with between 130 and 135 votes.

In that situation, it is argued, Mr Foot may decide to withdraw from the contest and avoid a third ballot, having established the last-thing's position in a way that has not previously been achieved, and demonstrated his unrivalled claim to be regarded as deputy leader and deputy Prime Minister.

The assumption being made by the Foot camp is that the 40 or so votes likely to be cast for Mr Healey would, in a third and final ballot, almost certainly go straight to Mr Callaghan and give him a clear and unshakeable lead.

If Mr Callaghan eventually wins, Mr Healey would seem to be a likely candidate for the post of Secretary of the Labour Party. That would give him back the position and influence in the party that he lost when he was thrown off the national executive at the party conference last autumn.

If the contest goes to a third round, voting papers containing the names of the two final candidates will be issued after 8 o'clock tonight. Forms have to be returned by noon on April 5 and the result will be announced at a party meeting later that day.

Because the second ballot has been conducted partly by post, there appeared to be a number of votes still outstanding last night. They are expected to arrive this morning either by post or by hand.

The result of the first ballot was: Mr Foot, 90; Mr Callaghan, 84; Mr Jenkins, 37; Mr Wedgwood Benn, 37; Mr Healey, 30; Mr Crosland, 17.

Budget broadcast: Liberal MPs yesterday called for the broad-casting of next month's Budget debate, including the speech by the Chancellor of the Exchequer. Led by Mr Thorpe, they signed a motion suggesting that a broadcast would be in the national interest.

Soothing words, page 16

## Select committee is set up to consider EEC election details

By Hugh Noyes

Parliamentary Correspondent

Westminster

With all the qualifications and parentheses that befit a potential Prime Minister, Mr Callaghan, the Foreign Secretary, told the Commons yesterday that, subject to Parliament's agreement, it was the Government's policy to prepare for direct elections to the European Assembly in line with the timetable of other EEC states. Their target date is May or June, 1978.

Opening a two-day debate on the controversial direct elections issue, he said that in the final Community agreement there would be a proposition whereby, if it was found that the United Kingdom for procedural reasons could not hold direct elections by 1978, we would continue to send representatives from the Parliament at Westminster until our national arrangements were settled.

With widespread approval from both sides of the House and from both opponents and supporters of direct elections, Mr Callaghan announced that the Government would set up a select committee, to include

a minister or ministers involved in the negotiations. The committee would consider all matters of detail, procedure and organisation with the sole exception of the principle of direct elections which was a treaty obligation.

The Government would have to ask the committee to work at a reasonable speed and to gear itself to the Community timetable.

The Foreign Secretary's cautious tone on direct elections met with a reprimand from Mr Maudling, on the Tory front bench, who felt that he was showing an unnecessary lack of enthusiasm. However, he welcomed the establishment of the select committee.

Earlier Mr Callaghan gave an indication of the Government's thinking on some outstanding matters. He agreed that the present assembly was too small and that, with direct elections, a membership of 350 or more would be appropriate.

Under some of the proposals put forward the smaller states would be left with too few members, or even, as in the case of Luxembourg, with none.

Parliamentary report, page 6

## Miss Hearst in court on new charges

Los Angeles, March 29.—

Patricia Hearst, aged 22, the newspaper heiress, was arraigned today for trial on 11 charges of kidnapping, robbery and assault. She has already been convicted on another charge of armed bank robbery and is to be sentenced on April 12.

Judge Jack Goertzen today set April 14 as the date for Miss Hearst to enter a plea on the further charges.

During the brief proceedings Miss Hearst did not see William and Emily Harris, "soldiers" of the Symbionese Liberation Army, who are charged with her at her bank robbery trial, which ended nine days ago, when she was accused of torturing and tormenting them after they had helped to abduct her from her flat in Berkeley, California on February 4, 1974.

Pole and emotionless, Miss Hearst strode into the courtroom today and stood through most of the proceedings, her fingertips resting on the counsel table in front of her.

Behind her was a bullet-proof glass shield, separating her from spectators and from her parents, Mr and Mrs Randolph Hearst, AP.

## Mervyn Davies fights for life

Mervyn Davies, the captain of the Welsh rugby team, was fighting for his life yesterday after being admitted to a Cardiff hospital with a suspected brain haemorrhage. He collapsed during a match between Swansea and Pontypool at Cardiff Arms Park on Sunday.

A neurosurgeon said that he did not think the haemorrhage was caused by playing rugby and could have happened at any time. "I think it is unlikely that he will play again," he added.

Report, page 10

## Action pledged after criticism over asbestos

Walker, Under-Secretary of State for Employment, said yesterday that Health and Safety Executive would be any action necessary after criticism of the Ombudsman of the activities of factory inspectors at an asbestos unit. A long-term survey of the health of asbestos workers was proceeding, a formation of an advisory committee to review health risks was being considered.

teel target missed

British Steel Corporation has failed to hit its target for a government-ordered strategic stockpile of semi-finished steel which was part of a programme for industrial revival and designed to reduce dependence on imports.

balkan cooperation

President Ceausescu of Romania told journalists in Athens that by cooperating with the Balkan nations could prevent intervention in their affairs by great powers. He had been holding talks with Mr Karamanlis, the Greek Prime Minister.

exam plan opposed

The Headmasters' Conference, which presents nearly all public schools, has opposed a proposal by a School Leavers' Council to replace the O-levels by the Certificate of Secondary Education.



Concorde accord: M Marcel Cavallé, the French Minister of Transport (left), and M Gerald Kaufman, British Minister of State for Industry, with a model of Concorde at their talks in Paris on the future of the supersonic airliner. They decided to postpone a decision on further construction plans until the summer.

Water rationing call

Water authorities are becoming alarmed at the prospect of severe shortages this year after one of the driest winters for a century. The Anglian authority said that it faced its worst shortage since the war.

Fostering success

An experimental scheme in Kent to foster disturbed adolescents has been a success so far. Of the first 13 young people placed seven are doing well, three have shown some improvement and two are about the same.

Lebanon left seeks radical reforms

Leftist Muslim forces fought their way to the fringe of the Christian stronghold in the centre of Beirut and the situation was deteriorating hourly. Mr Jumblatt, the leftist leader, who has become the most powerful force in Lebanon, has rejected the reform programme engineered by the Syrians last month and insists on his own radical reforms of the whole political system.

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## Saudi trade mission

British industry is hoping to win a large share of a £70,000 development programme in Saudi Arabia. A Saudi trade delegation began talks in London at the Department of Trade and Industry and the Foreign Office Page 21

Secret projects: Secrecy about technical projects should be ended to avoid costly mistakes, the Council for Science and Society suggests.

Aid for addicts: A hostel has been opened to help woman drug addicts who return to prison because they can find nowhere else to live.

Seville: Andalusian welcome for King Juan Carlos is seen as a political test.

Bonn: President Sadat of Egypt begins a two-week tour of five European capitals.

Belgium: Three-page Special Report on the meeting point for Europe 11-13

## Italy arrests general

General Maletti, former counter-espionage chief in Italy, has been arrested and charged with helping the escape of a suspect in the Milan Bombings of 1969, which cost 16 lives.

Leader, page 17

Letters: The TUC and worker participation, from Mr Len Murray; sale of council houses to tenants, from Mr Richard Edwards and Mr A. W. Tait; cutting down on youth services, from Mr Dennis Stevenson and Lord Spencer.

Leading articles: The economic outlook; the US and European communists.

Features, pages 16 and 17

Bernard Levin on the fate of a man who falls into the machinery of South African Justice: Shopping, by Prudence Glynn

Art, page 14

Michael Church on The Threat of Nuclear War (Granada) and John Fervid on youth services, from Mr Dennis Stevenson and Lord Spencer.

Business News, pages 26-28

Stock market: Shares fell back in its trading and the FT index closed at 406.4

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A pound's worth of petrol doesn't go far these days.

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Getting over 50 to the pound, he can afford to arrange a pretty long test-drive.

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## HOME NEWS

## Bank cashier says Peter Hain snatched £490

Peter Hain, aged 25, President of the Young Liberals, ran out of a bank with a £490 bundle of £5 notes that he had snatched from a cashier in a "spur of the moment" theft, Mr. Michael Corkery, for the prosecution, said at the Central Criminal Court yesterday.

Mr. Hain said: "I am not guilty" to the charge of stealing the money from Barclays Bank in Upper Richmond Road, Putney, London, last October 24.

Mr. Corkery told the jury of seven women and five men that the arrest of Mr. Hain attracted a great deal of publicity at the time. It also attracted a certain amount of comment in the national press and the media, no doubt because of his activities in the political field.

Mr. Corkery asked the jury to disregard whatever they had read or heard outside the court and to cast out of their minds any prejudices or sympathies, political or otherwise.

The case, he continued, was concerned with one simple issue, whether Mr. Hain had committed theft. At about 1 pm on the day of the alleged offence, Mr. Corkery said, Mr. Hain went into Barclays Bank in Upper Richmond Road and asked a cashier for change of a £10 note.

While the cashier was getting the change ready, he grabbed hold of a bundle of £5 notes from the cashier and ran away.

Mr. Hain, whose home in Fawcett Road was not far from the bank, was chased by an accountant from the bank and also by three boys aged 12, 13, and 14, counsel said, adding: "The defendant escaped but was recognised shortly afterwards by the same three boys when he was getting out of a car near Smith's bookshop in Putney High Street."

Mr. Hain was arrested and identified by the cashier from whom he had taken the notes. Counsel continued: "When you hear the evidence in this case you may take the view that this is a crime which occurred on the spur of the moment."

In Barclays in Upper Richmond Road the man alleged to be Mr. Hain went to tell No. 5, where the cashier was Mrs. Lucy Haines.

At this point Mr. Corkery said there were five names in the case similar to "Hain".

Mrs. Haines was given a £10 note by the man, he said. She took a bundle of £5 notes intending to give the man two of them. Suddenly a man grabbed hold of this bundle of notes from under the grille window and ran out of the bank.

Not unnaturally, Mrs. Haines shouted. The man who ran out of the bank was chased by an accountant called Mr. Haynes.

Mr. Corkery said Mr. Hain ran out of the bank with the money and was chased up Putney High Street by Mr. Haynes. Mr. Hain turned the corner into Werter



Peter Hain and his wife, Patricia, arriving at the Central Criminal Court yesterday.

Road and about halfway down threw the stolen money on to the ground, saying words to the effect: "All right, here you are."

The bank accountant stopped to pick the money up and Mr. Hain continued running and disappeared round the corner into Oxford Road, which was the last the accountant saw of him.

The accountant picked up the money and called a taxi but the one-way traffic system prevented the taxi from turning round to pursue Mr. Hain.

Mr. Hain's car was later searched and he told the police: "This is a fit up. It's because of who I am." When told of the bank robbery he replied: "What on earth has that got to do with me?"

He was told three boys had seen him in the chase and in his Volkswagen. Mr. Hain replied: "Is this a joke or something? This is absolutely incredible. You must be joking."

Mr. Corkery said Mr. Hain denied that he was the thief, saying he had not even been to the bank, and he was astounded

at the suggestion. He was a public figure and it would be stupid to commit such an offence. When charged he said: "I only want to say I am not guilty." He was granted bail.

Mr. Corkery added that Mr. Hain's fingerprints had not been found on any of the stolen £5 notes. There was laughter when he pointed out that the name of the police fingerprint officer was Mr. Haynes and that the police photographer was also a Mr. Haynes.

Mr. Corkery said Mrs. Haines picked out Mr. Hain at an identification parade. The only difference was that Mr. Hain's hair seemed to be a little more "pushed up" than she remembered.

A Mrs. Cooper, who was a customer in the bank, stopped in front of Mr. Hain and said: "I can't be positive, but he could have been the man." A cashier, a Miss Shepherd, aged 18, had picked out another man in the parade.

Mr. Corkery said: "People can and do, from time to time, make mistakes during identification." There were many difficulties and dangers in it.

Mrs. Haines identified Mr. Hain in court as the man who stole the money. She said: "It was just a split second. I gave a description to the best of my knowledge. I cannot say it was a good description."

In reply to Mr. Lewis Hawser, QC, for the defence, Mrs. Haines said the thief had untidy, shoulder-length hair, longer than that of the men she picked out of the identification parade. It was "much longer" than Hain's as he now is, and much untidier.

The trial continues today.

clothes, a white check shirt, blue jeans and Hush Puppy shoes, and also by his spectacles. Mr. Hain left the store and the boys took his car number and went to the police, who traced the car to 84 Fawcett Road, Mr. Hain's home.

Counsel said Mr. Hain was taken to Wandsworth police station where he told an officer: "I left my car in Werter Road on the yellow line while I bought two typewriter ribbons at W. H. Smith's and I then ran out because I did not want to get into trouble."

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## Water board calls for 'wartime' restraint

By John Young  
Planning Reporter

The Anglian Water Authority said yesterday that it faced the worst shortage since the last war and appealed to consumers to conserve supplies. Among its suggestions were that people should revert to the wartime practice of rationing their bath-water to a depth of five inches.

The authority's appeal comes after a spate of warnings from other organisations that stocks in many parts of the country were at an exceptionally low level and that if the dry weather continued severe restrictions might be necessary.

Last week the National Water Council said that the winter just past had been one of the driest of the past 100 years. Because of that, groundwater levels were very low in some areas, and reservoirs and soil moisture levels were generally below normal for the time of year.

An official of the council said yesterday that it would be wrong to talk of a national crisis because shortages were local. There was no difficulty at present in north-west England or in the south-east, for example.

The West Country, East Anglia and north Yorkshire the situation was quite serious. The dry winter came after one of the hottest summers on record, and in some places reservoirs were almost empty as late as June. But it was predicted that a normal winter's rainfall would put things right.

Earlier this month the British Waterways Board said that canal levels in England and Wales would be almost normal until further notice. The Association of Pleasure Craft Operators said that some companies were moving their hire boats away from the areas most affected.

The Anglian authority, which has based the use of hosepipes and sprinklers, said it might have to seek water from rivers. "We are running dry," an official said. "The water level in our reservoirs is still falling at a time when the worst of the drought is rapidly approaching. We need several weeks of steady rainfall."

The Meteorological Office said last night that its long-range forecast for mid-March to mid-April was that total rainfall would be about average. There were indications that the coming summer would also be an average one, but it was too early yet to make any clear prediction.

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## Multinational car is planned by Chrysler

By Peter Waymark  
Motoring Correspondent

Chrysler said yesterday that it was planning a car which may be built in Britain, France and the United States in 1978. Code-named the C2, it would have an engine of about 1100cc and share some component and design features with the company's new American sub-compact, to be launched next year.

The C2 is part of an ambitious international programme for the British market, which includes an improved Avenger, a new small hatch-back due for release next year and a medium car which will appear in 1979.

The hatch-back, which is code-named the 424, is a rear-wheel-drive small car which will compete with recent models such as the Vauxhall Chevette and the Volkswagen Golf. It supercedes the Hillman Imp, which recently went out of production after nearly 13 years.

The 424 has front and styling similar to the Avenger, but the Avenger's French model which is to be assembled in Britain this summer under the Government rescue plan. The large tailgate is almost entirely of glass.

There will be a choice of engines, with an updated version of the light 900 cc 875cc Imp unit and a 1300 cc engine from the Avenger. The car will draw on the Avenger for other mechanical components

while retaining a distinctive external appearance.

The 424 is to be built alongside the Avenger at Linwood in Scotland and is expected to go on sale in the spring of next year. Chrysler hopes that the car will be a strong contender in European markets.

The autumn will see the first important revision of the Avenger since its introduction six years ago. The restyled body again features a front end similar to that of the Alpine and there are improvements on fuel economy, comfort, safety and refinement.

Meanwhile, present Avenger models are to benefit from the addition of extra items without an increase in price. Front disc brakes become standard on all models and the Super now has twin headlights, reclining front seats, cloth seat inserts and a cigar lighter.

The GL saloon and the estate are discontinued. The Hunter range, which was to have been phased out this summer, is to remain. As on the Avenger, there are improvements at no extra cost, with the 1700 cc engine replacing the 1500 unit on the basic car and the Super being upgraded to the level of the GL.

The Sunbeam Rapier is also discontinued, which means the disappearance of Sunbeam's marque from the British market. Business News page 21

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## In brief

## Pass rate up for foreign doctors

More than half of the foreign doctors who took the General Medical Council's proficiency test earlier this month—44 out of 86—passed, the best success rate so far. In previous tests three-fifths or more of the candidates failed.

The test examines the doctor's medical and linguistic abilities.

Commission reports on charging orders

The Law Commission, in a report, has made proposals to clarify and improve the legal position of creditors who have charging orders on a debtor's land or securities.

Law Commission: Report No. 74, Charging Orders. (Command 6412, Stationery Office, 85p.)

Lorry bamboozles ram door

Bamboo stole more than £3,000 yesterday after their lorry had rammed and flattened the steel reinforced door of the post office at The Circle, Kingstanding, Birmingham.

Citizens' information

Humberstone County Council yesterday announced a telephone inquiry scheme under which council officers will be available to answer queries within 24 hours.

## Westminster review of security

By Our Political Staff

Security at the Palace of Westminster will be kept under regular examination by a joint committee of the House of Commons and the House of Lords, it was announced yesterday.

The committee, headed by Lord Hailsham, the Speaker, will be made up of members of the House of Commons and the House of Lords, and will be chaired by Lord Hailsham.

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# Cavity wall insulation. The facts.

Did you know that about a third of your home's heat can leak out through the walls? An expensive waste you'll agree. One way of reducing the waste that may be suitable for your house is cavity wall insulation. Any questions?

## Why build walls with cavities in the first place?

Primarily to keep damp out of the inside of houses. In fact this is such an effective way of preventing dampness that nearly all houses built since 1945 have cavity walls (not to mention some dating from before the 1920s).

## How does cavity wall insulation work?

Foam, mineral fibre or other suitable insulating material is injected, under pressure, into the wall cavity through holes drilled in the outer wall. This forms a barrier to reduce the rate at which heat escapes. The whole process is clean, usually leaves little trace and takes in most cases less than a day. Properly done to suitable houses this gives a wall that still keeps damp out but now keeps the heat in much more effectively.

## Is your house suitable?

Your installer should be able to advise you. Account needs to be taken of the construction and condition of the walls, and of their exposure to weather.

## Is any formal permission needed?

It depends where you live. In *England and Wales* generally cavity filling comes under the building regulations, certain of which have to be relaxed to allow it to go ahead.

The Government has given a general relaxation for cavity filling of most types of private houses provided that the work is to be done in accordance with a certificate issued by the Agrément Board (the Board assesses products and techniques used in the building industry).

But the installer must first notify the local council, so that they can decide whether the general relaxation applies.

Where there is no Agrément Board certificate, or if the council has decided that the general relaxation does not apply, an application needs to be made to the council for an individual relaxation of the regulations to allow the work to go ahead. Installers often do this for their customers.

In *Inner London* the district surveyor for the district concerned should be notified before the work is begun.

In *Scotland* formal approval may not be needed, but you are advised to consult your building control officer before work is started.

## What about guarantees?

Many major installers give guarantees of about 20-30 years. Look hard at the guarantee and the reliability of the company giving it.

## What's it all going to cost?

For an average home, cavity wall insulation will cost between £100 and £250. Many companies allow you to spread repayments so that your savings in heating costs can help pay for the installation. You may find that you can add the cost to your mortgage.

## And how much will it save?

If you live in a three-bedroom semi-detached house which is uninsulated but which has full central heating, then your heating costs could be cut by up to about a fifth. So, if you are spending £120 a year on heating you could be saving some £25 (and more, as fuel prices rise).

## How do you take the first step?

Look in your Yellow Pages Directory under Insulation Contractors for the names of local installers.

Department of Energy.





PARLIAMENT, March 29, 1976

## Soundings from MPs on choice of next Serjeant at Arms

House of Commons

Mr William Hamilton (Central Five, Lab) asked whether the Lord President of the Council would take steps to ensure that any appointments to the Serjeant at Arms would be made on the basis of merit, rather than on the basis of political considerations, and whether the Serjeant at Arms should be properly advertised in employment exchanges and other appropriate places.

Mr Edward Short (Newcastle upon Tyne, Central, Lab)—Most employment vacancies in the House of Commons are advertised in the national or local press as appropriate.

The procedure for filling vacancies in the House of Commons is a matter for the particular authorities concerned.

Mr Hamilton—If that is the case, how many Serjeants at Arms have been appointed since 1974? There is a feeling among MPs that they have inadequate control over the recruitment of the Serjeant at Arms, and that there is still priority given to ex-military personnel, and that this ought to be remedied quickly.

Mr Short—I did say most of the employment vacancies in the House of Commons were filled in the way I said.

There are one or two exceptions and the Serjeant at Arms is one of them, because the Serjeant at Arms is not a member of the House but an officer of the Royal Household and the appointment is in the gift of the Queen.

## Post Office likely to make modest profit

Mr John Stonehouse (Walsall, North, Lab) asked what was the anticipated deficit in the Post Office for the current year, and what changes in tariffs in telecommunications and postal services were expected in consequence.

Mr Gregor Mackenzie, Minister of State for Industry (Rutherford, Lab)—Present indications are that the Post Office will make a modest profit in the current financial year.

Proposals for increases in inland postal charges to take effect early in 1976-77 have been made to the Price Commission. In addition, some overseas postal prices are being increased to meet payments to other countries under new universal tariff regulations.

Mr Stonehouse—While welcoming that there will be a small surplus, the two main reasons for setting up the Office of Communications eight years ago were to achieve greater efficiency and closer touch with consumers. Neither of these objectives have yet been achieved. The minister cannot afford to stand aside and allow the Post Office to continue to decline and become inefficient in the way it is doing.

Mr Mackenzie—No one knows the Post Office Act better than Mr Stonehouse who put it through the House. He will know one of the reasons why it is not better is because it is implicit in that Act that there should be a measure of commercial self-sufficiency in the Post Office. We do not believe that

## Government willing to set up select committee to study all implications of direct elections to European Assembly

The European Council's intention, expressed at its last meeting in December, to set up a select committee to study all the implications of direct elections to the European Assembly, has been welcomed by the Government. The Government has been favourable to the idea since it was first proposed in the House of Commons in 1974.

It seemed fair that there should be a minimum number of seats, however small a state was. The United Kingdom clearly needed enough seats for adequate representation of the constituent parts of the United Kingdom. He had had the importance of a fair share of seats in mind from the beginning.

The figures proposed by the European Council were simply not good enough for the United Kingdom. There was no particular number of seats which could be considered as a minimum for the United Kingdom. The Government sought a solution which would further towards the United Kingdom to the size of its population.

The fact that the smaller states felt the need for more than proportionate representation in the Assembly pointed out the advantages of being part of a larger member state. Scottish and Welsh interests were more powerfully represented in the Community than they could ever be as small separate states.

Apart from the House there were other states on which the other states on holding elections at approximately the same time. The Government agreed that elections should take place in May or June, 1978.

There was a genuine need for the people in the member states to be able to elect their representatives in some way. It was often accused, he thought with justification, of being a bureaucratic and remote institution. It was an opportunity of expressing their views on questions concerning the Community.

The present Assembly of 198 was made up of representatives of 250 million people and it was generally accepted that when the Assembly was directly elected it would be considered as a body of 250 million people. He did not dissent from that view.

He would like to hear the views of MPs on the figure of 350 which was put forward.

The French Government had put forward a proposal which would give the House of Commons a number of seats to elect to the European Assembly. The Government did not have to commit themselves at this stage in the draft convention on this matter.

The majority of states did not

drastically cut the representation of the smaller member states. At the other extreme, the Irish Government had put forward a proposal designed to safeguard the favourable share of seats they secured in the Treaty of Accession. If there was to be agreement, there would have to be some compromise.

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## Research into effect of falling birth rate

Mr Toby Jessel (Richmond upon Thames, Twickenham, C) asked if the Lord President of the Council would give his estimate of the birth rate for 1976 based on existing population trends.

Mr William Price, Parliamentary Secretary, Privy Council Office (Rugby, Lab) cannot at present give a precise estimate but I would expect the birth rate to be a little lower than the provisional estimate of the birth rate for 1975 of 12.4 live births per thousand population.

Mr Jessel—On figures given in a reply to a written question on February 24, the birth rate for the first time ever and would put the birth rate a little below what it was in the early 1950s. What statement have the Government made of the full economic and social consequences of such a drop in the birth rate?

Mr Price—The figures are even more significant than that. The drop between 1964 and 1975 was from 21 to 12.4. This is a matter into which the Government are doing a good deal of research. A full report will be published next year.

Mr Frank Hooley (Sheffield, Hallam, Lab) There is a concern that the population of this country ought to decline overall. Do the Government have any plans to do anything to counteract this trend?

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## Progress on political unity and cooperation

Mr Reginald Maudling, Opposition spokesman on foreign and Commonwealth affairs (Barnet, Clipping Barnet, C) said that the Government had committed themselves as a nation to the development of Europe as a community, with all that meant in economic and political terms.

The appointment of a select committee was to be welcomed as many MPs had been pressing for this for some time. The Opposition would play a full role in its deliberations.

As the referendum had taken place less than a year ago, it would be surprising if many MPs had changed their minds on the fundamental principle of membership. Anti-market, if the EEC was to continue, as it would, should welcome the Brussels bureaucracy which they disliked so much.

There was no commitment to detailed proposals unless they were made by the Government. There was no commitment on that. What was a commitment of honour was that the United Kingdom would work actively and sincerely to achieve the set of proposals which would be acceptable to the United Kingdom and to her colleagues in an agreed time-scale.

To obstruct progress towards direct elections would be dishonest and damaging to the whole position of the United Kingdom in Western Europe. A reversal of policy now in principle would be damaging to the whole concept of European unity.

These were difficult times for the Community. In the economic context it was obvious that strains for a still young Community were bound to arise. There had been signs recently of practical progress in economic matters, but there had been most encouraging signs of progress towards unity and cooperation in political matters. It would be a profound shock to that progress if a major party were to perform a U-turn on the principle of direct elections.

If the European Parliament was to be effective in its work, it would need the authority which could only come from elections and direct contact with the people. The members of the European Parliament must be elected by the direct system.

The dual mandate placed great handicaps on members of the Community. The members of the European Parliament in principle it would be a good thing if MPs could be MPs of both Parliaments, but in practice it had become impossible to conduct the dual mandate.

The name Parliament was confusing because the Parliament and Assembly was different from the concept of Parliament held in the United Kingdom. A European Parliament or Assembly, however, was suitable to the present stage of the evolution of the Community. Both were united in the same political organization, and there was no precedent for them.

The European Parliament or Assembly reflected the fact that we wanted to get the terms which this country wanted and they would have particularly in mind what was said in Parliament today and tomorrow. We may not (he said) get our own way on everything. The Foreign Secretary (Mr James Callaghan) could not say that the Government would intend to seek Parliament's approval to a draft order in council to be approved by an affirmative resolution in each House.

## No case for sulking inside Community

Mr Michael Stewart, leader of the Labour delegation at the European Parliament (Barnes, Labour, Lab) said that the Government had committed themselves as a nation to the development of Europe as a community, with all that meant in economic and political terms.

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## Civil Service discipline for advisers

Mr Charles Morris, Minister of State, Civil Service Department (Manchester, Oldham, Lab) said that the Government had committed themselves as a nation to the development of Europe as a community, with all that meant in economic and political terms.

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## Coal Board hopes to break even

Mr Alexander Eadie, Under Secretary for the Coal Board (Edinburgh, Edinburgh, C) said that the Government had committed themselves as a nation to the development of Europe as a community, with all that meant in economic and political terms.

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# Belgium

a Special Report on the meeting point for Europe

## Cockpit of war now centre of treaties

by Michael Hornsby

For centuries down to the second World War Belgium was a matter of geography, inevitably has been a cockpit of the inter-state struggles of the West. Flemings and Walloons have spent the last part of their history the outpost of other peoples—Roman, Burgundian, Habsburg, Spanish, French and Dutch. In its past 145 years an independent state Belgium's neutrality has been twice violated by its own neighbour, Germany. Located at the meeting-point of two great cultures and heavily dependent for its prosperity on external aid, the Belgians came to realize sooner than most at their security would be guaranteed in a world of interdependent nations. Since the Second World War they have been the forefront of moves towards greater European political and economic integration and now find themselves at the centre of a web of international agreements and commitments. Even before the end of the war the governments-in-exile of Belgium, Holland and Luxembourg signed an economic treaty in London which gave birth to Benelux. Though the difficulties of war reconstruction were delayed its fulfilment until 1948 and to restrict its full operation for several years (after the war). These difficulties served a useful purpose helping to clear the road for the later unification of the European Economic Community, which the Benelux countries were a forerunner.

Represented by M. Henri Spaak, Belgium played an active part immediately after the war in drafting the United Nations Charter and in securing the signatures to it of 47 nations. M. Spaak was appointed the first president of the United Nations General Assembly. In 1948 he signed the Treaty of Brussels, of which Belgium was now prime minister, was a passionate advocate. This linked the Benelux countries with France and Germany in 50 years of agreement providing mutual aid in military, economic and social spheres.

The Brussels Treaty, however, was soon eclipsed by the formation in 1949 of the North Atlantic Treaty Organization, which saw an ambitious world movement rather than a renaissance Germany the main threat. Through agreements signed in Paris 1954, the Brussels Treaty was revised and extended to include West Germany and, thereby establishing Western European Union and allowing Germany to become a member of Nato. Membership of the Atlantic Alliance has remained one of the cornerstones of Belgium's foreign policy since then.

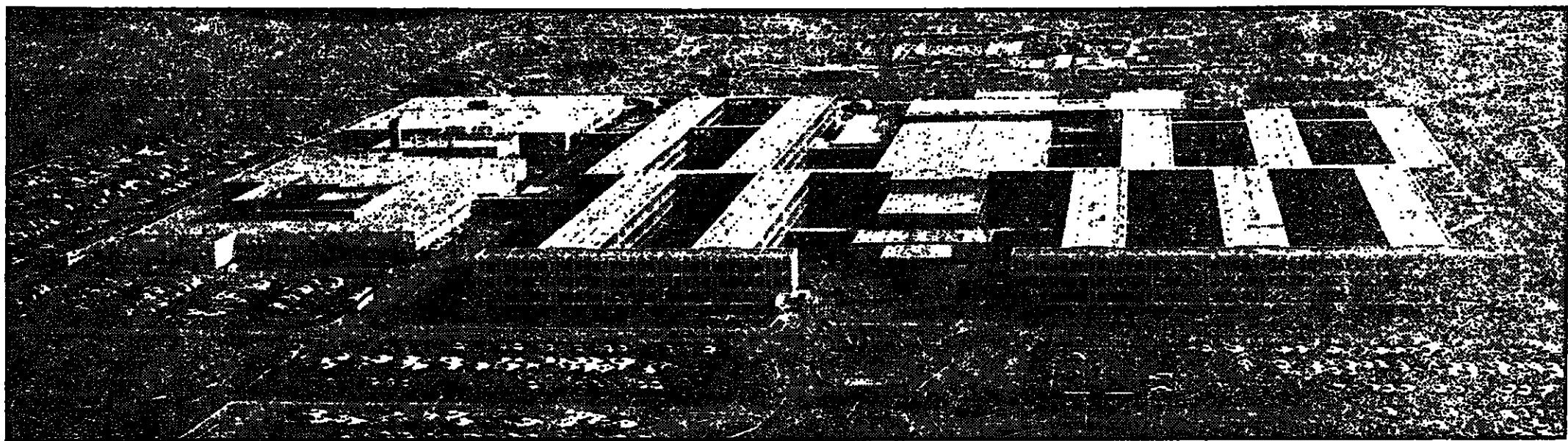
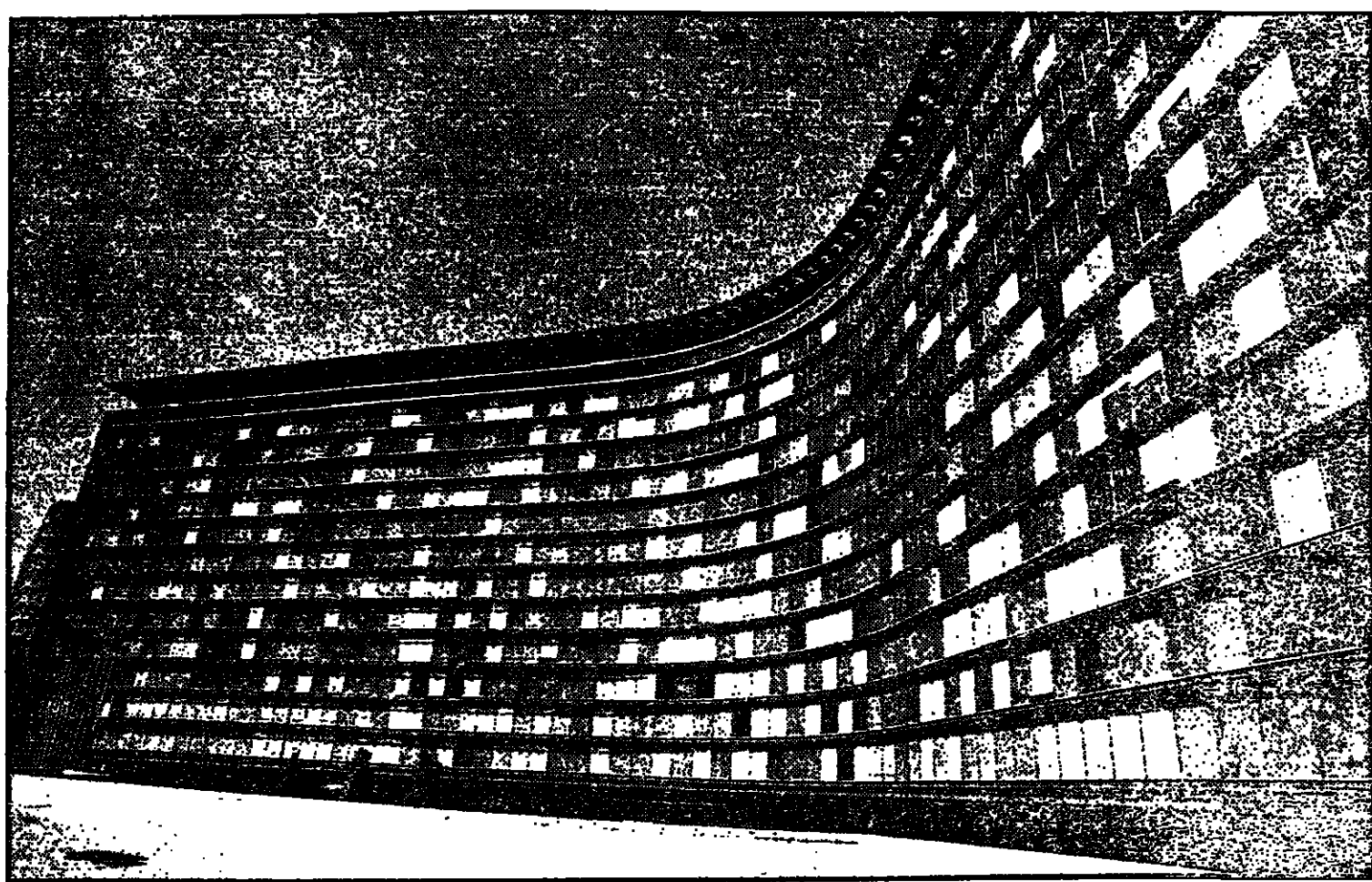
This was demonstrated by the fact that when Belgium offered asylum when President de Gaulle ordered to oust France in the 1960s. Since 1967 Belgium has played host to Nato's policy headquarters, housed on the outskirts of Brussels in buildings whose makeshift air still betrays the speed with which they were constructed, and also to the Supreme Headquarters of the Allied Powers Europe (SHAPE), which is located at the former Belgian military and air force training centre at Spa, near Namur.

Belgium has been active in the foundation of all the European organizations since the post-war era: the Council of Europe, one of the first steps was to set up the College of Europe in 1949, the Organization for Economic Cooperation and Development, the European Coal and Steel Community (ECSC), the EEC and Euratom.

Since 1968 the headquarters of the EEC, Euratom and the ECSC have been housed together in the new building known as the Berlaymont in the rue de la Loi in Brussels. It seems only a matter of time before they are joined by the European Parliament now oscillating between Strasbourg and Luxembourg.

It was not surprising that at the end of 1974 the heads of government of the Nine should have turned to Mr. Leo Tindemans, the present Prime Minister of Belgium, for the report on the future development of European Union which was made public earlier this year. Its main recommendations—faster progress towards economic and monetary union and common foreign and eventually defence policies—have long been Belgian objectives.

Beyond those objectives lies a federal Europe, a "Europe des régions" rather than a "Europe des patries", which is by no means yet the accepted goal of all of Belgium's partners. It is, however, undoubtedly



Business in Brussels: the sprawling Nato headquarters; above right, the EEC building; above left, humbler premises.

## Others will control revival

by David Cross

Although most economists agree that the end of the longest post-war recession in Belgium is now in sight, some anxious glances are being cast towards neighbouring countries. This is because the extent of the country's economic recovery will depend not only on internal developments but on events in West Germany, France and The Netherlands.

Strategically sited at the crossroads of the great commercial and industrial routes of Western Europe, the Belgian economy has always relied on external trade for its main impulse. This has been fostered by a high level of consumption among the country's small but prosperous population and by the requirement to export surplus finished products to pay for imports of badly needed raw materials.

Over the years these elements have made Belgium one of the world's foremost exporting countries. More than 50 per cent of the country's gross national product now derives directly from its export trade, compared with some 30 per cent in 1953. With about 0.3 per cent of the world's population and a 4.5 per cent share of world trade, Belgium is now the industrialized world's eighth largest exporter.

In an economic block like the European Community it is no surprise that Belgium's best customers and suppliers are those countries which also signed the Treaty of Rome. Nearly three quarters of Belgium's trade is with West Germany, France, The Netherlands, Italy and the United Kingdom. Outside the Community, the United States is the country's most significant export market and supplier.

Last year, for example, 22.3 per cent of Belgian exports went to West Germany, 19.1 per cent to France, 17.1 per cent to The Netherlands, 6.5 per cent to Britain, 4 per cent to Italy and 4.1 per cent to the United States. West Germany was also Belgium's most important supplier, providing 22 per cent of imports, followed by France with 17.4 per cent. The Netherlands with 16.8 per cent, the United Kingdom with 6.2 per cent, Italy with 3.9 per cent and the United States with 6.4 per cent.

Belgian exports consist almost entirely of industrial manufactures like metals, machinery, machine tools, transport equipment, chemicals and textiles. Over the years since the Second World War the emphasis has changed from half-finished to more perfected products which require less manpower

but more knowledge. Thus Belgium now exports less and less steel and more and more special steels and non-ferrous metals.

The major role played by exports on Belgium's economic performance has during periods of boom helped it to become one of the wealthiest countries in the industrialized world. During the early stages of the present recession it also meant a postponement of the inflation and production slump which had already begun to bite less-fortunately placed countries like France and Britain.

But when the fall in world trade and the increase in oil prices finally filtered through, Belgium was less able to cope than its immediate neighbours like Holland and West Germany.

In 1974, when the slump was at its lowest point, consumer prices rose by more than 15 per cent compared with increases of 6.1 per cent in West Germany and 10.7 per cent in The Netherlands and the number of unemployed rose to nearly 6 per cent of the working population compared with about 5 per cent in the other two countries.

Although the present rate of inflation has fallen to about the 10 per cent level now the industrialized world has now reached an all-time record level of more than 220,000 representing 8.7 per cent of the working population. By contrast, West German and Dutch inflation rates are now running at about 5 and 8 per cent respectively and unemployment at about 6 per cent of their workforces.

The failure to handle the recession more skillfully was partly political. Draconian economic measures to combat inflation and stimulate production were completely watered down in the course of discussions first among the Government's coalition parties and subsequently with employers and trade unions.

Thus, what started out as a price freeze has now developed into a lax system of prior notification for price rises, while a wage freeze has turned into a postponement of pay increases for the country's top wage-earners.

To his credit, Mr. Leo Tindemans, the well-intentioned but almost powerless Prime Minister, pinpointed the country's major economic priority during the early stages of the recession. "The terrifying problem facing us is how to make our prices competitive again. Economic experts have established that in comparable sectors of industry even the United

States is now producing more cheaply than Belgium", he said.

The erosion of Belgium's competitiveness, originally because of the worldwide increase in raw materials' prices, particularly oil, has been compounded by the tight link between prices and wages. Under one of the most complex indexing schemes in the industrialized world, rises in the consumer price index automatically trigger off wage increases for most employees in the private and public sectors.

The employers' organization, the Federation des Entreprises, has calculated that indexation alone has been responsible for two-thirds of rises in hourly wage costs during most of 1974 and 1975 when the labour cost per unit increased by an average of 13 and 25 per cent respectively.

To combat this situation, the Government has made several attempts to sever the index link, but to little avail. It has now turned its attention to reforming the consumer price index to remove some of the present anomalies which can make it fluctuate wildly from month to month. But the Government's past performance on the issue and strong opposition from the trade unions to any changes hold out little prospect of success.

But in spite of high levels of inflation and unemployment, Belgium has retained respectable balance of payments, and trade surpluses throughout the recession. Last year, for example, the payments surplus totalled some 25,000m Belgian francs (about £300m) and the trade surplus some 6,000m francs, compared with 30,000m francs and 28,000m francs respectively a year earlier.

As economic activity in most of the European Community begins to pick up again, most economists forecast a new improvement in Belgium's balance of payments surplus in 1976. According to estimates made by the Organization for Economic Cooperation and Development (OECD), the surplus on current account will total some £750m this year compared with £625m in 1975 and £350m in 1974.

But just as the recession hit Belgium later than most of the rest of the industrialized world so too will economic revival. Moreover the strength and the duration of the upturn will be largely dependent, not on domestic economic policy but on demand in countries like West Germany and The Netherlands.

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## Rivalry brings concessions

by David Cross

As the Belgian economy begins to move out of recession the Government is preparing for a campaign to attract foreign investment. The Ministry for Flemish Economic Affairs was the first off the mark last December when it sent a six-man team to New York and Chicago to tell Americans that Belgium still welcomed foreign capital.

Mr Jean Gol, the State Secretary for Walloon Economic Affairs, later launched a major publicity effort to make the French-speaking south of the country better known in other parts of Europe. The campaign includes the publication of a lavish dossier on the region and participation by the ministry in foreign trade fairs in Lyons, Hannover and Düsseldorf.

The rivalry between two main language groups is one of the main reasons why Belgium has traditionally offered more generous investment incentives to out-

siders than most European countries. Successive governments have made sure that both parts of the country are granted equality of treatment. Although the competition is usually friendly there have been cases where foreign firms have played one half of the linguistic community against the other to secure the best concessions.

But in spite of the equality of investment concessions, Flanders has traditionally received the largest share of investment, mainly because of its proximity to the coast. Antwerp province, the hinterland of Europe's second largest port with its direct access to the North Sea, is the favourite site for the investment of multinational companies. In 1970 and 1974, for example, about 55 per cent of foreign and mixed

investment in the manufacturing sector went to Flanders and only 37 per cent to Wallonia. The remaining 8 per cent went to the Brussels area, which is defined as a separate development region.

The Government's policy of actively encouraging foreign investment, with the main aim of stimulating export-oriented growth in industries, dates from 1953. Since then, and until the end of 1974, foreign and mixed investment in new factories had outstripped purely Belgian participation. Between 1953 and 1974 foreigners invested about 95,500m francs (about £1,200m) in new factories compared with 68,500m francs provided by the Belgians.

Over the years the Government investment policy has been updated to assure even more generous proportions in the so-called Loi Leburon of 1970, named after Mr Edmond Leburon, then Socialist Economics Minister and later Prime Minister.

So attractive was the Leburon scheme that it ran into trouble with the European Community's competition department in Brussels. In the event it had to be modified to take account of European Commission fears that it could distort competition with other EEC regions.

As things stand, foreign companies investing in Belgium are entitled to all manner of inducements, ranging from loans at reduced rates of interest to capital grants and job creation premiums and from tax exemptions to state guarantees. Furthermore, central government or local authorities may acquire, equip and improve land and make it available to the user by sale or hire.

Foreign employees of multinationals get generous allowances and other fringe benefits not available in most other European countries.

### Failure to trim allowances

Besides direct government aid, Belgium has other benefits for foreign companies and their employees. For management, there is a highly skilled labour force, tax exchange controls, few strikes and little local resentment against foreigners. For employees, there are plenty of good schools teaching in most European languages and ideal living conditions in suburbs which have sprung up mainly to house the well-off foreign populations.

Well-intentioned socialist attempts to trim tax concessions for foreign employees have failed to get very far. A move about a year ago to reduce tax allowances for foreigners working temporarily in Belgium for companies based abroad raised such an outcry among multinationals like Ford and IIT that it was hastily abandoned by the Government.

Despite the recession, foreign investment in 1974, the last year for which complete statistics are available, reached its highest level since 1969. A record total of 917 planned projects worth nearly 25,000m francs was split mainly among American, French, Dutch and British investors. For the first time since 1969 American investments represented more than half the total with projects worth 12,300m francs. French investments during the same year totalled 4,600m francs, Dutch 4,450m and British 557m.

Outside the United States and EEC member states, Japan was the biggest investor in 1974 with a total of 555m francs. Indeed, Belgium has been the first choice in West Europe for Japanese overseas investments in manufacturing industry.

In 1975, however, when the recession was at its worst in Belgium, foreign investment probably fell to its lowest level since 1971. According to preliminary figures just released by the Economics Affairs Ministry, planned investments totalled only some 10,900m francs. For the first time the French, with total investments of about 3,300m francs in 32 projects, outstripped the Americans who invested 2,700m francs in 85 projects. The British were in third place with nearly 1,300m francs invested in 62 schemes.

The record British share last year will undoubtedly cheer the active British Chamber of Commerce for Belgium and Luxembourg which has played an important role in helping and advising potential British investors. It has just published a much expanded second version of its *Business Briefing for Belgium*, which is essential reading for any businessman wanting details of the country's investment opportunities.

The Government's campaign to stimulate investment is clearly designed to produce better results in 1976 as the worldwide recession recedes. Belgium still offers potential foreign investors an almost ideal environment, but it remains to be seen whether the golden years of the early 1970s can ever be recreated.

Although Belgium is small in area, its geographical location, on the busiest shipping lane in the world, the North Sea, and in the centre of the more industrialized areas of Western Europe, makes it one of the principal gateways for EEC material and external trade and traffic.

This is one of the main reasons why its capital, Brussels, has become the headquarters of numerous European organizations and the country as a whole can afford three seaports: Antwerp and Ghent, both linked with the North Sea by the River Scheldt, and the Bruges port of Zeebrugge on the North Sea itself.

The country's leading port is Antwerp, the second largest in Europe after Rotterdam and Belgium's link with the rest of the world. In spite of its location inland, it is nearer to the Scheldt estuary (the meeting place of all the main ocean routes in the North Sea), than any other main continental port. As well as its own national hinterland, Antwerp boasts an international hinterland including the industrial regions of northern and eastern France, Luxembourg, the Saar, the Rhineland and the Ruhr.

The port handled an estimated 61 million tonnes in goods traffic last year and about 48 ships a day. Strikes are rare among the 12,000-strong force of dockers who are hired on a daily basis by cargo-handling and stevedoring firms. The handling of cargo is frequently handed down from father to son. Traditionally, there is strong competition between teams handling ships, and Antwerp has a high reputation for fast turnarounds.

Antwerp is also a thriving industrial and banking centre: the province is world famous as a centre of the diamond industry and trade. The heaviest concentration of modern industry lies there. During the period 1953-73 foreign investment in Belgium totalled about \$3,080m and 585m of this was concentrated in Antwerp, the most important ventures being American and West German.

It has attracted shipbuilding (Cockerill Yards Hoboken) and several important ship-repair firms such as Bellard Murdoch and Mercantile Marine Engineering. Firms specializing in the manufacture or assembly of motor vehicles (General Motors, Ford) or in oil refining (Esso, Occi-



Loading and unloading in Antwerp: container ship in the Churchill Dock and (top) traffic near the Market Square.

dental Oil, British Petroleum, Petrofina, Albartros) have been established for many years. These were followed by a number of storage companies for oils and oil products.

While it has lost about 20 million tonnes a year of oil imports to Rotterdam, oil is instead piped to Antwerp from Rotterdam. Besides arrivals in seagoing vessels, last year the pipeline delivered about 18 million tonnes of crude oil. As a result Esso continued building a new refinery and Albartros has increased its refining capacity.

The port offers storage and distribution services for an extensive list of products. Recent investments have been made in the import-export sector and the municipality has granted concessions for sites specially intended for the construction of warehouses for the distribution of general cargo.

One of the main routes for cargo transport between Antwerp and the European hinterland is the dense Belgian canal network. Work has been carried out to widen and modernize the Albert canal to make it navigable for large barge convoys. At an international level, the opening of the new Scheldt-Rhine link in September has reduced the distance from Antwerp to the Rhine by 40km and makes navigations with large pushing convoys possible.

In the future the projected Rhine-Rhône link will open up a throughway to the Mediterranean (by the Albert canal, Meuse and Rhone rivers). The Rhine-Danube canal route, under development on and off since 1972, will open up access to the Balkan countries and the Black Sea (by the Rhine, Main and Danube rivers).

Twelve major lines of Belgium's railway network and Antwerp and about 200 fully laden goods trains arrive or depart daily. Regular special container trains leave the Antwerp container centre every day for Paris, Cologne, Milan and Rotterdam.

Antwerp is a major junction in the European motorway network as the seven E-roads (European motorways) which cross Belgian territory either run through Antwerp or are directly linked to it by motorways. These are: E-3 (Stock-

holm-Lisbon), E-5 (London-Antwerp and in European hinterland), E-9 (Amsterdam-Brussels), E-10 (Amsterdam-Brussels-Paris), E-39 (connecting the new Scheldt-Rhine link in September), the German autobahn to the Rhine by 40km and network; E-41 joining Liège and Charleroi and running onwards into north France. The King Baudouin motorway links Antwerp with Liège and the German motorway network.

There are about 300 regular road services from Antwerp mainly to the following European countries: Austria, Benelux, Britain, Bulgaria, Czechoslovakia, Denmark, Finland, France, Germany, Greece, Hungary, the Irish Republic, Italy, Norway, Portugal, Romania, Spain, Sweden, Switzerland and Yugoslavia. Regular road services are also operated between Near and Middle East cities and Antwerp.

Zaventem, or Brussels national airport, is less than an hour away from Antwerp by road, and is used by most large airlines for direct connections to all continents and is one of the largest West European freight ports. The airport at Deurne-Antwerp runs regular daily flights to London and Amsterdam and is now expanding as an air-freight centre.



The accounting department of a large Brussels bank.

## Banks look abroad to meet customers' needs

by David Blake

The banks in Belgium play a central role in the country's economy. The largest, Société Générale and Brabant-Luxembourg, are part of the two wide-ranging holding companies, which have spread from banking to own a large share of industry. Since industry is forced by the size of the country to look outward (exports are the highest in the world on a per capita basis) the banks have been forced to look abroad to meet the needs of their clients who are in some cases also members of the same group.

The country's third bank, Kredietbank, has become international in a different way. Originally just a small regional banking group in the Flemish-speaking north, it has become one of the largest single operators in the EEC markets. But it has done this not from Brussels or Antwerp, but from Luxembourg. Its banking laws have attracted banks from all over Europe and the tax rules have tended to divert international business from Belgium.

The concern with the international side of business can sometimes backfire, and in recent weeks there has been a graphic illustration of the sort of tension which arises in a small country. The Belgian franc has been under severe pressure, threatening its participation in the snake of European currencies.

Foreign exchange is an important part of the business of any bank which has large exporters among its customers, and there is also considerable speculative interest in it whenever it seems fairly clear that a significant shift in parities is about to occur. That can be a very profitable speculation, but for every profit made, somebody else makes a loss. It was just such a loss, estimated at about £43m, which cast a shadow over the most important event of recent years in the Belgian banking industry.

aggressive marketing of its banking services, it clearly represented the "establishment" in Belgian banking. Its headquarters, which had been in Brussels, moved to Luxembourg in 1965. The bank's aggressive marketing of its banking services, it clearly represented the "establishment" in Belgian banking. Its headquarters, which had been in Brussels, moved to Luxembourg in 1965.

The Lambert group, on the other hand, has been one of the success stories of the postwar period, building from a small base to a reputation for fast takeovers. Its head, Baron Lambert, is a well-known patron of modern art, leading examples of which decorate the honeycomb-like headquarters from which his bank is run.

Thus the merger not only increases the size of the branch network and financial base, but it provides two complementary styles. However, the very basis seemed to have been called in question when it was discovered that the Banque de Bruxelles had incurred heavy foreign exchange losses because of unwise activity by some of its dealers. The loss, although big, ought to be set against an international perspective in which a number of the most respectable banks in Europe lost heavily in work supplied by foreign activities in what seems to have been a pattern of inadequate supervision, caused by the slowness of the new regime of floating exchange rates.

In spite of some questioning, the merger has gone ahead and has seemed to work smoothly. Both banks have benefited from the fact that each tends to be strongest where the partner is weakest. None the less, there is considerable overlapping of branches, and there may well be closures. If this does happen, it would reverse the trend of the 1960s, which saw considerable expansion in the number of branches.

A major factor encouraging this was the change which occurred in the economy. During the 1960s, Belgium emerged from a long period of decline to become one of the fast-growing economies of Europe. This change was accompanied by two others which made it necessary for the banks to take new branches to their customers.

The first was a shift in population and prosperity from the old, French-speaking industrial belt in Walloon towards the Flemish districts in Flanders. The Belgian banking establishment, which is closely integrated with the country's

upper class, has always been French speaking, and the banks have tended to be French speaking. Only the Kredietbank, which has prided itself on its Flemish origins, could claim to be really strong in the north, and competitors were forced to open branches there to attract business.

The second change was the influx of foreign banks, mainly looking for business from multinational companies but also casting a friendly eye on Belgian companies. The influx of banks, above all American, was part of a broader invasion which was encouraged by the authorities and which posed a direct challenge to the domination of Société Générale.

This was no accident, for many in Belgium believed that "La Générale", as it is widely known, had not done as well for the country as it could have done. According to this view, "La Générale's" excessive caution had slowed industrial development and kept the country out of new, fast growing industries.

Caution was perhaps understandable since the company is so closely involved in the economy—some estimates have suggested that it owns or controls 30 per cent of Belgian industry. This conservatism was reinforced by its experience in the 1930s when the economic crisis threatened the existence of the bank. It was the lesson of that time which led to the present corporate structure, where the holding company owns only a proportion of shares in the bank, which was forbidden by law to engage in industrial ownership.

These laws have been modified somewhat, but more important has been a change in the mentality of the group, which succeeded remarkably well in throwing off its backward image, especially in banking, and is now accepted as a respected partner in a number of international groupings, as indeed are the other Belgian banks.

The real test facing all these is how they react to the difficult years which are clearly ahead for the Belgian economy, whose return to full employment and fast growth will clearly take some time. For the banks, like everyone else, that will mean that consolidation is likely to be the watchword of the hour.

The author is Business News Foreign Editor, The Times.

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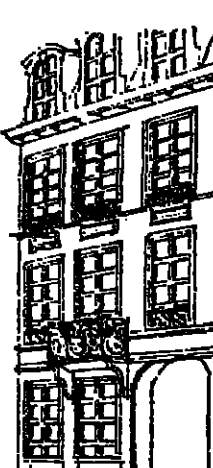
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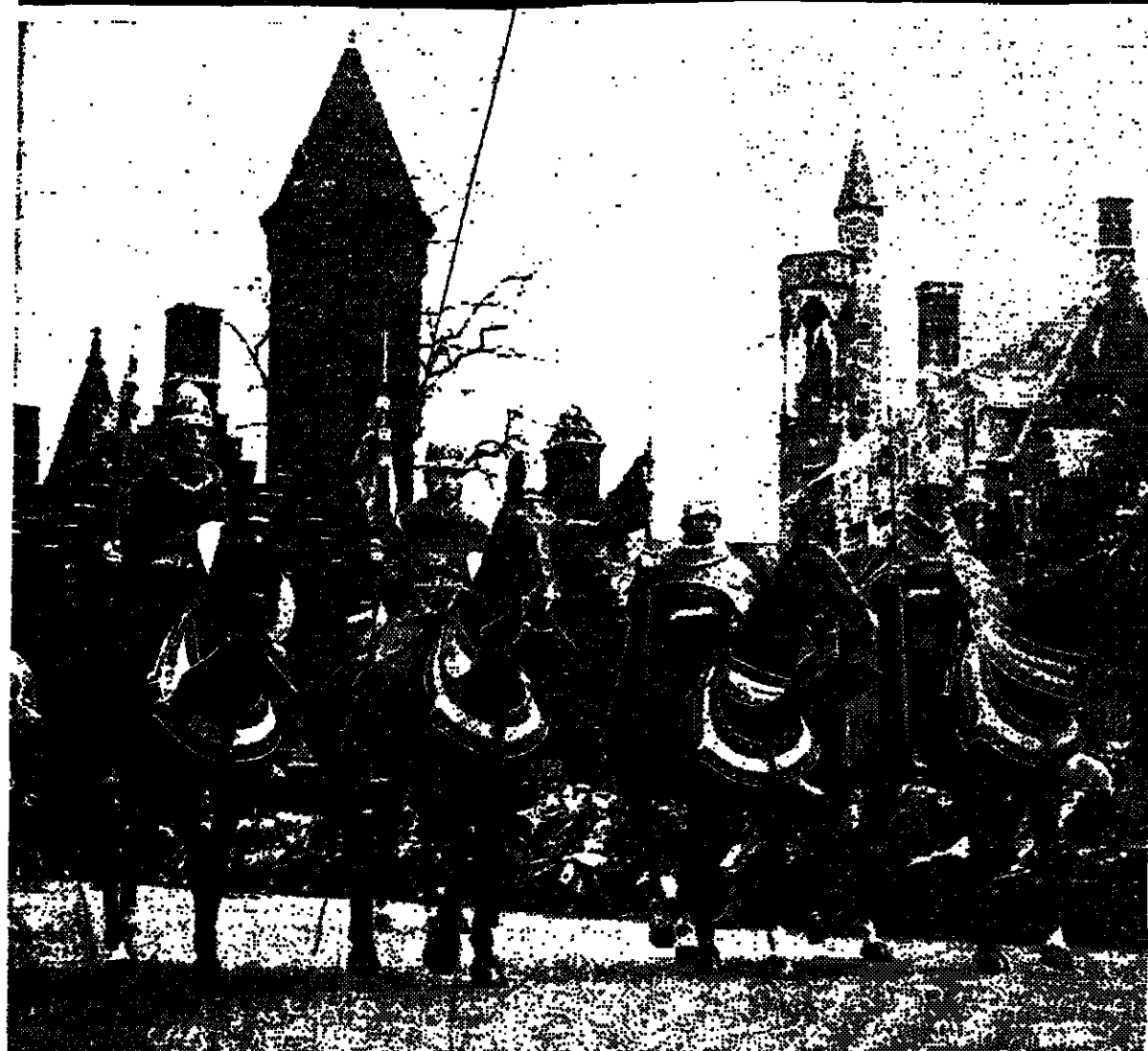
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Bruges commemorates its medieval past with the procession of the Holy Blood. In 1149 Thierry d'Alsace, Count of Flanders, brought back from Jerusalem a phial believed to contain the blood of Christ which is now kept in the city's Chapel of the Holy Blood.

## Year the tourist will discover nature

by Pieter Zwart

This year the theme for Belgium's tourist campaign is the Year of the Countryside—the focus will be on the country's parks, gardens and open spaces. It is also the year of King Baudouin's silver jubilee—a time when Belgians abroad are being encouraged to return for a holiday to join in the celebrations. These will include royal tours of the nine provinces, culminating in festivities in Brussels Heizels stadium in mid-June.

For Belgians abroad De Grote Weerzien, or home-coming, is made more attractive by such offers as 25 per cent discount on a railway return ticket from 10 European countries, and 50 per cent discount on train journeys within the country from April to October. There will be special seating arrangements for those who produce a legitimatiekaart or identity ticket.

In the past the tourist board has run successful campaigns using themes such as castles (1971-72), abbeys and buildings (1973), folklore (1974) and cathedrals and town halls (1975). The year of the castles was a particularly interesting year for visitors in that some chateaux were opened to the public which had never been opened before.

Sightseers were attracted not only by the rich historical and architectural appeal of these castles, but also by the observing the daily life of those living in them. Next year attention will be devoted to the 400th anniversary of Rubens, while

the following year Belgium will be promoted as "jewel of Europe", which will be a blend of previous themes.

Last year, despite inflation, there was an overall increase in tourist traffic to Belgium of some 15 per cent. Mr Jean Gyory, director of press and public relations at the Belgian National Tourist Office, explains the main attractions: Belgium is a most diversified country in a small space. There are many different landscapes and towns within easy reach; there are the art towns such as Bruges, Ghent and Antwerp with their architectural and other monuments. It is one of the best countries in the world for food—some believe even better than France; Belgium is in the middle of Europe.

He says: "We had the reputation of being expensive a few years ago. Now The Netherlands is more expensive than we are." The Organization for European Economic Cooperation and Development has named Belgium as a country whose tourism shows a growing trend. Tourism is estimated to be the third most important industry after iron and coal and textiles and chemicals.

Yet last year it still showed a deficit in that Belgians who travelled abroad spent some £537m whereas tourists spent only some £325m in the country. Of these figures, the foreign visitors those from neighbouring countries were the most important: the Dutch recorded a provincial 1,800,000 nights in Belgium; the West Germans

1,300,000; and then the British and the French with some 1,100,000 nights or more.

The Belgian coast showed a growing trend with increases of 7 per cent in apartments, 11 per cent in hotels, and 20 per cent in camping sites. The Ardennes also became more popular with more visitors, explaining the camping sites, youth hostels and hotels.

Brussels, the capital city of Belgium, is also the head-quarters of the European Economic Community, and as such it has some 158 embassies in the city. It is also a businessman's city with facilities at the airport where a businessman's club provides a reception lounge with telephones, teleprinters, copying machines and dictaphones. The city is well equipped with luxury hotels. Some think there ought to be more family second class hotels.

The Government is encouraging their development throughout the country with modernization grants. Some hotels have responded to the present economic situation by providing short package arrangements. A weekend in Brussels, for instance, from 965 Belgian francs (about £12) comprises one night at a Brussels hotel with continental breakfast, a bonus ticket of 200 francs towards the cost of a meal at the hotel, and a tour of the city.

There are more than 10 hotels which offer a range of conference facilities: the Brussels Europa, for example, situated near the Complex Charlemagne and the EEC headquarters, can

accommodate 400 delegates for a conference or a banquet in its Europe suite. It has the technical equipment needed for a meeting such as microphone, simultaneous translation in five languages, and office facilities with telephones.

The meeting halls in the city include the Palais des Congrès (which can accommodate up to 1,400). The Abbey of Val Duchesse where one of the earliest Dominican orders in the Low Countries existed, was used by the experts who drafted the treaties for the creation of the EEC and Euratom.

Bruges has been compared with other canal-based cities such as Venice and Amsterdam—but the medieval houses which comprise the city centre have a charm of their own. Mr Rafaeel Dussaucht, director of the Bruges Tourist Board, explains the reasons for the popularity of the city with tourists: "I think the main reason is that every tourist is a romantic soul. There he finds something which gives him the sensation of living in the past."

At a rough estimate some 1,500,000 to two million people visit Bruges each year—as part of coach parties, individually as day-trippers from the coast or as hotel guests. Some 80,000 are present on Ascension Day for the Procession of the Holy Blood, a relic which the Count of Flanders brought back from his crusade in the East.

There are strict limits on building to keep the inner city as it was. Hotel towers would ruin the appeal of the city so that only horizontal hotel buildings, such as the Holiday Inn which has been built in the shell of an old convent, are permitted. Regulations, such as painting the outside of one's house in certain colours and no neon lighting, are imposed to keep the city much as it has always been.

The city pays up to 50 per cent of the outside restoration of houses. Pollution in the canals of the inner city are now part of the past and the water is clean enough to hold an annual swimming competition.

Since Bruges is on a smaller scale than other cities of its kind, it offers easy walking for sightseers who wish to visit the Groeninge Museum with its collection of paintings, including its Van Eyck, the quiet of the "Princely Beguinage of the Vineyard" founded in 1245; or the church of Our Lady which contains the white marble statue of the Madonna by Michelangelo. There are also boat trips for those wishing to see the city from the canals.

Of the beaches of west Flanders that Ostend is probably the best known—it has fine sand and safe bathing. The gigantic casino provides entertainment ranging from gambling to cabaret singers. On the Belgian coast the British are second only to the Germans (excluding the Belgians).

The ease of the Channel crossing from Dover or Folkestone by boat or from Southampton by air no doubt accounts for its traditional popularity with the British—as do some of the hotel names. To prevent overcrowding during high season on the coast and elsewhere the authorities are debating a plan to stagger school holidays by dividing Belgium into two zones, north and south. The northern part would take its holiday from June 15 to August 14, while the southern part would take theirs from July 15 to September 15.

## Property market stays buoyant

by Michael Hanson

Resisting every attempt to hamper it, the property market in Brussels remains remarkably buoyant, although there is about as much unlet office space as there is in central London. According to Richard Ellis, one of the leading British firms of agents and surveyors who operate in Brussels, there is about 320,000 sq metres of new offices on the market in and around Brussels.

Restrictions on new development have meant that few new buildings have been started in the past two years, but the completion of those schemes already in the pipeline means that another 225,000 sq metres of space is likely to come on to the market this year, including one of the most dominant additions to the skyline, the 32-storey Tour Astro, which is located on the inner ring road at the junction of avenue de l'Asie.

Tour Astro is a joint development by London Overseas International and Barclays Bank Trust Company for the Grasshopper Property Unit Trust, a fund established in 1968 to enable pension funds and charities to invest in property. The building due for completion later this year will have 38,000 sq metres of air conditioned offices above shops and a banking hall. Letting agents will be the Brussels office of Jones Lang Wootton.

The Tour Astro is not far from the Tour Madou, a 33-storey office block on the Avenue des Arts, which was bought in 1972 for more than £7.5m by the Abbey Property Bond Fund which has 15 per cent of its £168m portfolio invested in overseas property. Its purchase of the Tour Madou having been the first overseas purchase by a British property bond fund.

### Confounding the critics

Jones Lang Wootton has been involved in the Brussels property boom since the beginning, having opened its local office in 1965. It was soon letting more than 100,000 sq metres of office space, reaching a peak of 130,875 sq metres in 1974 when the demand for new offices reached unprecedented levels.

It is a measure of how demand has slipped since then that last year let only 83,081 sq metres but it is the first time that the performance of the market has consistently confounded the critics, for people have been forecasting a glut of offices since the property boom began more than 10 years ago.

There is no doubt that, if the Brussels property market had to rely on the demand of local companies, it would not be the city it is. What has changed the face of Brussels more than the ravages of war have been the demands of international organizations, notably the North Atlantic Treaty Organization and then the European Economic Community, closely followed by international companies preferring Brussels rather than London as their European headquarters.

The EEC Commission is still interested in more offices, but it wants them in the immediate vicinity of its present headquarters, although there are more than enough for it to choose from in the Quartier Leopold generally, including the 38,000 sq metres development by London and Leeds Investments, the property subsidiary of Ladbroke.

In an attempt to prevent overdevelopment, the Government introduced credit restrictions on August 5, 1974, limiting mortgage finance for commercial development to 60 per cent of open-market value. By royal decree of September 13, 1974, the start of all development projects costing more than 50m Belgian francs was delayed for a year. The time taken to obtain a decision on a planning application also increased to about a year, and it is still the norm, even though the mortgage and building restrictions were lifted on May 20, 1975.

Now further restrictions on property are proposed: this time a freeze on commercial rents, which is due to take effect on April 1 and to last until the end of the year. For this brief period commercial rents will be held at their level on November 1, 1975. At the moment the threat of a freeze is not having much effect on the market, because rents have been falling anyway.

In the prime office location of the Avenue des Arts and the Boulevard du Regent, where rents for new air-conditioned offices reached 4,000 francs at their peak, they are now down to between 3,250 francs and 3,500 francs, according to Richard Ellis, while in the Quartier Louise they are down from a peak of 3,000 francs to perhaps 2,500 francs. One local agent, Jacques de Duve, says the general fall in rents even

higher, at 25 to 30 per cent down from their peak.

If the proposed freeze on commercial rents were to last longer than nine months, it could start to have serious effects on the investment market, as it did in Britain, although there are fewer reverberatory properties, because most buildings are let on three-year leases with annual indexation of rents and the index is ahead of market rental values. When the rent freeze was first proposed, it made institutional investors cautious, but there is such a dearth of good investment situations that their interest soon recovered.

On the most pessimistic estimates of the market Brussels is going to have an over-supply of offices until 1978 at least. On what must be regarded as the most optimistic forecast, Jones Lang Wootton predicts that the present supply of accommodation could be exhausted by next year, if the letting market continues to improve. It is planning its hopes on renewed interest from foreign banks and insurance companies, which have shown little interest for the past 18 months.

The true outcome is likely to lie somewhere in between, for if the letting market does improve, those developers who have put projects into cold storage may bring them out.

In this respect it is significant that planning permission has just been obtained for a new office development on the Avenue des Arts by the Heron Corporation, jointly with Barclays International. The existing buildings on the site have already been demolished and a contract has been signed for the construction of the new building. The reason for such optimism is that 30 per cent of the space has already been pre-let through Richard Ellis.

Other British developers who still have unlet office buildings on their hands would welcome a revival in the letting market and probably none more so than Town and Commercial Properties, which has a block of 23,500 sq metres on the Avenue Louise, completed at a cost of £8m, which it would not only like to sell, but to reduce its gearing.

Nor is it only the office market that needs to improve but also the market for shops away from the traditional locations of avenue de la Toison d'Or and rue Neuve, although lettings in the Manhattan Centre have been some comfort to MEPC, which still has more unlet offices in the development than it would like.

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## Denmark 1976

## A Times Special Report

On April 29th

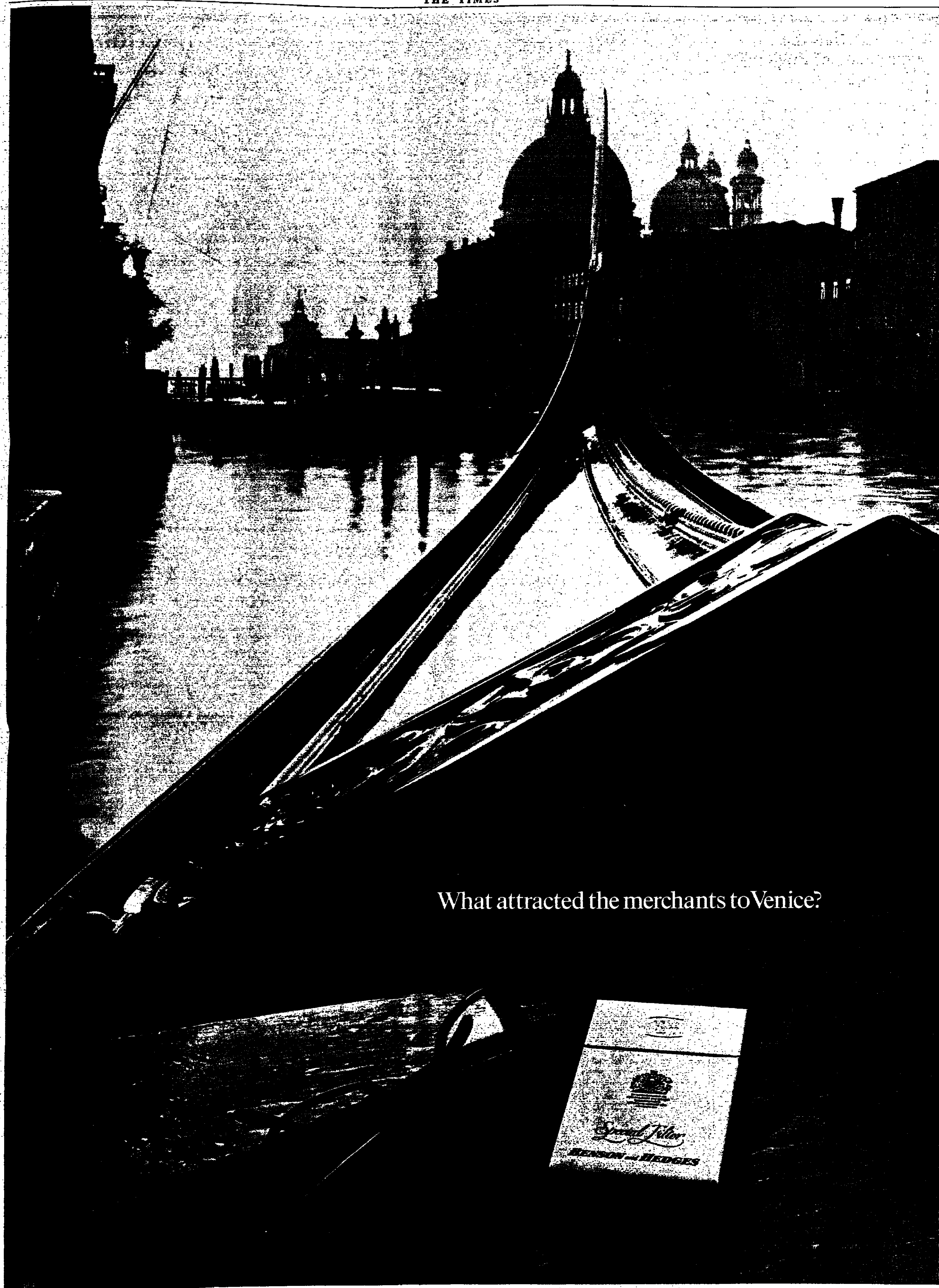
The Times is planning to publish a Special Report on Denmark, following two and a half years membership of the EEC.

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What attracted the merchants to Venice?

**MIDDLE TAR** As defined by H. M. Government  
**EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING**



## Mr Foot: soothing words on the irrational fears over his leadership chances

## Roger Berthoin



# How one man fell into the machinery of South African justice

...heard shortly, the case it...  
...having been heard in September...  
...October of last year. (In British...  
...case moves slowly: in South Africa...  
...seems, it is injustice that dawdles...  
...my sources, is that the appeal will...  
...be dismissed but that the sentence...  
...may be reduced. In any event, what...  
...comes out of prison, or if...  
...conviction is quashed, he will go back...  
...his life of house arrest: no visitor...  
...say any, and—now—without the chance...  
...to cheer his desolate life. A...  
...no doubt, with renewed vigour...  
...Lieutenant Ferreira.

Times Newspapers Ltd, 1976

"The real danger", he said puffing heavily, "is of creeping complacency. If only we could shake off this complacency everything would be wonderful and we would have nothing to worry about at all." Then the prophet went back to his digging.

## Mugging

Rehearsals for the midnight comedy galas, in aid of Amnesty International, at Her Majesty's Theatre later this week have been necessarily sketchy. The





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## THE DEFICIT SHOULD BE CUT

Short-term economic forecasting is not the central purpose of Monday's *Economic Policy Review* prepared by the Cambridge University Department of Applied Economics. Its main message is that, whether we get fast or slow growth in the next few years, the British economy will be confronted with intolerable pressure unless the commitment to international free trade is abandoned by the United Kingdom and import controls imposed.

Their view is that if we get fast enough growth to reduce unemployment then the balance of payments will plunge into an unmanageable deficit over the years to 1980. If, on the other hand, growth is sufficiently restrained to protect the balance of payments, then unemployment will rise above one and a half million and inflation will be powerfully reinforced by the gap between the probable rise in money wages and the actual increase in output.

It is increasingly probable that the economic recovery in all industrial countries (and in the United Kingdom in particular) will be less rapid and less strong than most people now seem to expect. The initial phase of upswing associated with retarding after a recession of unusual length and severity, may be sharp enough to give the impression of a general economic recovery in line with the experience of other past business cycles. The continuing sense of business uncertainty, primarily associated with continuing high levels of inflation, will, however, almost certainly play its part in ensuring that an investment boom is not added to the initial recovery itself. Further, the tighter monetary conditions that are likely to be maintained by most monetary authorities in response to price inflation itself, will keep the upswing in check. Finally, the overall economic

policy in Japan and western Europe will not even be aiming at the levels of real growth which were the targets of previous cycles.

These indications that the top of the next business peak may well be lower than the last may be taken by some as evidence that the Chancellor is free in his forthcoming budget to stimulate the economy by a significant amount. Such a conclusion would be damaging and dangerous. First, the initial part of the upswing may be surprisingly sharp and is already well under way, as restocking takes place. It would be wrong to increase the inflationary pressures of borrowing in the short term. Secondly, however, and more importantly, we share the Cambridge view that, even if it is less in real terms than last time, the expansion of the economy already in train will be stronger than the economy in the longer term can sustain in its present condition.

We subscribe to the strategic analysis that the British economy contains fundamental weaknesses, almost contradictions, which mean that there is no "just right", or even compromise, rate of expansion that will reconcile the conflicting objectives of high employment, stable prices and external balance.

We disagree, however, with the Cambridge emphasis that the basic defect is the deep-seated weakness of Britain's external trade performance at any sustainable rate of exchange. The problem would be just as great, if Britain were a "closed economy" with no external trade at all. The crux of the matter is that collective bargaining, however restrained by incomes policies from time to time, can only be reconciled with high employment at the price of progressively accelerating

inflation. This system is demonstrably explosive and therefore unstable.

There are, indeed, already signs that the situation is getting worse rather than better. The strength of the expansion already in the pipeline is beginning to manifest itself in output, spending and employment statistics. When the prospective budget deficit, the probable turn-round in personal savings as consumer confidence begins to revive and the almost inevitable growth of demand picks up, are added to this, the chances are that another classic public and private consumption boom will be under way by this time next year. Even if the spontaneous expansion were to falter, the pressures to sustain it by government action, lest unemployment should resume its upward path, will be hard for any administration to resist.

The Cambridge group conclude that, while the Chancellor should probably increase taxation in the budget, in order to restrain consumer demand at home, he should also control manufacturing imports generally in order to stimulate British output. We conclude that that priority is to prevent at all costs any strong resumed expansion of the money supply and that, if this is not to lead to an abrupt increase in long-term interest rates, the budget deficit must be cut substantially below the £10-£12,000m now in prospect for 1976-77. This will of course mean that, by the standards of previous economic cycles, the recession will be longer and the recovery weaker than it would otherwise be. But it would also mean that, at last, the British economy was pointed in the direction of long-term stability, without which no employment and prosperity can be for long sustained.

## THE US AND THE EUROPEAN COMMUNISTS

The word is being passed around Washington that the presence of communist ministers in Western governments would portend the end of Nato. That this is not right does not diminish the fact that the United States is faced with a difficult dilemma as it sees communists advancing to within sight of cabinet seats in Italy and possibly even in France.

If the United States says that the advance is inevitable and acceptable it strengthens the communists and further demoralizes the non-communists, especially the Christian Democrats of Italy. This is the main reason why it has not talked with the Italian communists or authorized the special waiver that would be necessary to grant them visas to the United States. But if it huffs and puffs and issues dire warnings it provokes nationalist resentment and ensures that the situation will be even more difficult if the communists do acquire a share of power.

The best way out of this dilemma is to try to stick to the cool truth rather than strike tactical postures. Obviously it is undesirable that communists

should enter west European governments in Italy, France or anywhere else. Obviously, too, it is not inevitable that they will, and nothing should be done to make it more likely. But the possibility opens up a very mixed bag of implications and options which need not lead uncontrollably to disaster.

Of course there would be severe difficulties. American public opinion would feel that an alliance set up against communism had been infiltrated by the enemy and was therefore not worth defending. The issue could also enter the West German election campaign, with the Christian Democrat raising the spectre of communism creeping up from the south and the Social Democrats replying that the trouble originates with the failures of Italian Christian Democrats and the absence of an effective social democratic party as a barrier against the extreme left. Nato would have to look to its security procedures and there would have to be new contingency plans.

The damage would, however, be more limited if it were not exaggerated in advance. The

Italian communists are acutely aware of the risk of provoking a right-wing reaction, which is one reason why they seek a coalition with the Christian Democrats and continuing membership of Nato. They are also deeply at odds with Moscow, so that many of them would regard Nato as necessary protection against Russian imperialism. They could also be a valuable influence in sustaining Yugoslav independence, which they regard as necessary to their own independence. Moscow itself is worried by the influence which heretical Italian communism has in eastern Europe.

If, therefore, the problem is seen in political more than in military terms, and with all its interacting implications and openings for influence by the European Community, it offers far more opportunities for judicious management than is presented as a stark and unavoidable threat leading straight to the abyss. Dr Kissinger needs to beware of self-fulfilling prophecies. He is in danger of building up a confrontation that will increase the dangers he seeks to avert.

## Use of roads and railways

From Professor L. Fishman  
Sir, Professor Buchanan again reminds us (March 20) that we must come to terms with the motor vehicle. But what are the terms? Are we to continue the process of the past 50 years, in which motor vehicles, rather than people mis-using motor vehicles, have ravaged towns and city centres, killed and maimed hundreds of thousands of people, crowded public transport systems, made most neighbourhoods a nuisance, and destroyed much of our natural environment, and wasted millions of pounds? Perhaps the greatest tragedy of all is that the "expert", least of all Professor Buchanan, has any remedy except that we must reconcile ourselves to more of the same.

Our primary aim now, before it is too late, should be to plan a long-term strategy in which motor vehicles are used to transport people rationally, and thus halt, or even reverse, the environmental and human damage which has so far resulted from its unplanned and unbridled use. This strategy must be firmly based on the concept of integrated transport, which would provide a real and economic choice of many forms of transport to the general public, through the mechanism of transport centres in every city, town, and neighbourhood. Different concentrations of industry and population would warrant different types of centres, but all would enable society to control and channel transport along socially agreed channels.

As an example, any railway station, such as Euston, would become a major centre. Not only would trains, tube, taxis, and buses be available, but rental cars and cycles would also be integrated into the station. Underground stations, bus depots, and neighbourhood garages would be used as smaller centres, in which similar choices would be available on a more limited scale. Equally important, new estates and council developments would be designed with a transport centre as a focal point; and new types of transport, such as electric cars, could be introduced without great personal expense and inconvenience. Villages and small towns would evolve a centre, probably based on a garage, which would provide car-hire, flexible bus service, and shared journeys. The inexorable rise of privately owned motor cars on the roads can

not be slowed and halted unless the means of car-borne transport are made economically and conveniently available for every one, and unless there are other viable alternatives which are equally available at integrated transport centres. Once it is recognized that the issue is not car versus public transport, but choice versus choice, we will begin to "solve" the transport problem, and at a lower cost.

The industrial lorry problem would similarly come closer to a solution once industrial parks were sited and planned with an industrial transport centre as their focal point. Containerization now enables different companies and different types of loads to be coordinated, allowing for interchangeability between rail, road, and ship, and could minimize the number of less-than-full loads and empty return journeys. Integrated transport will not happen by itself; it must be built into the structure of our planning. Transport centres are one way to do this, perhaps the only realistic way.

Yours faithfully,  
LESLIE FISHMAN,  
Head of Department of Economics,  
University of Keele, Staffordshire,  
March 21.

## Original Bowdlerizer

From Dr Susan Shatto  
Sir, Dr Norman Vance (March 24) reminds us that the author of Bowdler's *Family Shakespeare* was not Dr Bowdler, but his celebrated bluestocking sister, Henrietta Maria, known as Harriet. The first edition of *The Family Shakespeare* (20 plays in four volumes) was published in Bath in 1807. The preface was unsigned and the editor remained anonymous, but Harriet's family and friends knew the work to be hers. She had already written (in 1786) a book of poems and essays which went under the name of *The Family Shakespeare* (4th edition, 1803). This excellent volume was thought to be from the pen of a clergyman, and the Bishop of London invited the author to accept a parish in his diocese. The year after *The Family Shakespeare* appeared, Harriet edited and pub-

lished (anonymously) a book which became very popular in religious circles, *Pragmatic in Prose and Verse*, by a Young Lady, *Lately Deceased*. In 1818 she published (anonymously) a volume of poems, and after her death in 1830 appeared a novel (*Pen Tamar, or the History of Old Maid*, 1830) and an essay on "The Proper Employment of Time, Talents, and Fortune" (1836).

When the second and revised edition of *The Family Shakespeare* appeared in 10 volumes in 1818, Dr Bowdler's name appeared as editor. Harriet, like other women writers of the period, had many times shrunk from the limelight of the title page. And certainly, as a spinster past middle age, she might not want the public to know that her understanding of Shakespeare was sufficient to expurgate it. Dr Bowdler edited all the editions of *The Family Shakespeare* as a basis for editing the 10 plays which she had expurgated. He restored much that Harriet had cut but also cut much that she had let stand. The second edition of *The Family Shakespeare* made Dr Bowdler and his surname famous. And nowadays we forget that Harriet was the original Bowdlerizer, and not Thomas.

Yours sincerely,  
SUSAN SHATTO,  
The Shakespeare Institute,  
The University,  
Birmingham 15,  
March 24.

## Before St Augustine

From the General Secretary, The Church Lads' Brigade  
Sir, Your correspondent, Sir Lincoln Hallinan (March 24) really cannot be allowed to refer, without being corrected, to St Gregory the Great as "The Pope who sent monks to England to begin the conversion to Christianity". It is the word "begin" which offends because it is common knowledge that Celtic Christianity was established in these islands long before Augustine of Canterbury came from Rome, and many of us today regard ourselves as successors of the Celtic saints rather than as breakaways from Rome.

Yours etc.  
JOHN H. S. BURTON,  
Clude Hardy House,  
15 Edinburgh Park Road,  
Finchley, N3,  
March 25.

## TUC and worker participation

From the General Secretary of the Trade Union Congress

Sir, To correct the misleading impression created by today's *Times* (March 28) by Mr Hugh Stephenson, that the TUC has "changed its mind" on its policy on industrial democracy, perhaps you will allow me to restate very briefly the clear position of the TUC which was reiterated as recently as last week in a supplementary note of evidence submitted by the General Council to the Bullock Committee. Our central proposal is that there must be a new structure of company law for large companies, with workers and shareholders being equally represented on the main policy board. The decision on whether workers' representatives should participate in this way will be taken by trade union machinery on a company by company basis; the new Companies Act would give the necessary statutory backing to this. This has for some time been the central proposition in our policy. We have welcomed the Government's intention to legislate in the 1976-77 session to ensure that within a short time of the new Companies Act becoming operative the great majority of trade unions will demonstrate their practical support for this new dimension of involvement in the decision-making processes of British industry.

Yours sincerely,  
LIONEL MURRAY,  
General Secretary,  
Trade Union Congress,  
Congress House,  
Great Russell Street, W.C1.  
March 29.

## Tory candidates list

From Mr Anthony Grant, Conservative MP for Harrow, Central

Sir, On Saturday, for the second time, Mr George Hutchinson implied that the Conservative policy regarding candidates had been changed. I think, therefore, I must make it clear that when I was Vice-Chairman of the party responsible for candidates, I received no orders or instructions whatever, either from Mr Heath or subsequently from Mr Thatcher. Nor would I expect any because selection of Conservative candidates has for many years been a matter for the individual constituencies concerned and the list of candidates is determined by a committee of the party itself, independent of the leadership, on which the Vice-Chairman responsible for candidates does not have a vote.

The purpose of the candidates list is to help constituencies and not in any way to dictate to them. Yours faithfully,  
ANTHONY GRANT,  
House of Commons,  
March 29.

## Executed in Iraq

From the Iraqi Chargé d'Affaires

Sir, Your Hague correspondent's "Dutch Envoy Recalled" (*The Times*, March 17) conveniently ignores all the recent revelations concerning the deep involvement of Israel and the CIA in the Barzan puppet insurgency. The very natural insistence on the part of Israel and Holland that the Israeli spy caught red-handed in the north of Iraq was not a spy but a "male nurse" who was full of humanism and idealism, is blindly accepted and used as an indictment against a country that did what any other sovereign state does under similar circumstances. Certainly, *The Times* is not so trusting as to accept the threadbare story of a spy and a nurse, the Dutch and Israeli old-as-the-mountain technique of confusing the issue through a lavish helping of sub-story material and allusions to a crackpot humanitarianism.

The Israelis are prepared to let their national acquire a dual nationality and serve as officers, spies and saboteurs in the service of Israel; they should not have the gall to denounce the victims of their collusion for trying to defend themselves. They may rest assured that any spy caught in Iraq will be treated as a spy and not sent away with a pat on the head.

Yours faithfully,  
ISSAM MAHBOUB,  
Chargé d'Affaires,  
Embassy of the Republic of Iraq,  
21 Queen's Gate, SW7,  
March 24.

## Archbishop Fisher

From the Revd Eric G. Jay

Sir, I am sorry that *The Times* should print the falsehood that "in 1955, the Archbishop of Canterbury, Lord Fisher, was influential in persuading Princess Margaret not to marry the divorced Group Captain Townsend" (March 18).

There was no communication between the Princess and the Archbishop until the morning of Tuesday, March 8 of that year, when the Princess, after telephoning the Archbishop, drove to Lambeth Palace to tell him what she had decided.

Yours sincerely,  
ERIC G. JAY (formerly Chaplain to Archbishop Fisher),  
570 Milton Street, Apt 15,  
Montreal H2X 1W4,  
Canada,  
March 19.

## Wongs and whites

From Miss Barbara Angell

Sir, I doubt very much that the late Mr Arthur Calwell ever said "Two Wongs don't make a white" (report, March 24). To my knowledge, the quote first saw the light in a revue called *Outrageous Fortune* which was staged in Melbourne in 1961. The item concerned was a satirical song about the white Australian policy. I know, because I wrote the song. If anyone can prove that Mr Calwell said it to the line, I should be most interested to know.

Yours faithfully,  
BARBARA ANGELL,  
Production Coordinator,  
Association of Australian Artists,  
Australia House,  
The Strand, WC2,  
March 24.

## Freeing the council house serfs

From Mr Richard Edmonds

Sir, We endorse the view of your leading article (Freeing the council serfs? March 23), that the dispersal of council housing in the ways advanced by Mr Frank Field and Mr Peter Walker would lose for the country an inestimable economic asset. We agree that the opportunity to exploit historic costs through cross-subsidy between fortunate and disadvantaged authorities has never been sufficiently investigated.

The financial calculation for such a scheme have already been outlined by the Housing Centre Trust in its recently published evidence to the Secretary of State's housing finance review. The formula would cater for authorities burdened with improvement programmes as well as new building. Built-in safeguards, including the use of gross values, would prevent any geographical redistribution contrary to need and would preserve the freedom for each authority to fix individual rents. By distinguishing the mortgage, or equity, element from the service element in the rental charge, new forms of tenure or contract are made easier.

Such a system would have the further merit of making it possible for public housing to receive subsidy by way of relief on its mortgage interest on the same terms as owner-occupiers are relieved of tax on their mortgage interest, thereby achieving a better financial and political balance between owner-occupiers and council tenants. No other alternative appears to prevent rents from rising faster than earnings, unless subsidies are further increased at the cost of investment in new housing. The lack of any objective system of rent fixing of the kind we propose encourages the setting of rents on a political basis. It is this danger, as much as management patterns, which may suggest the condition of dependency for council tenants which Mr Field deplores. It fosters the idea of the poorest, a trend which would be socially undesirable.

Yours faithfully,  
R. EDMONDS,  
Housing Centre Trust,  
62 Chandos Place, WC2.  
March 29.

## Law on obscenity

From the Director of the Nationwide Festival of Light

Sir, There are powerful arguments in support of your leading article of March 25, which rejects the Law Commission's suggestion that the exhibition and distribution of films should be tidily swept into the arms of the 1959 Obscene Publications Act. The report of the House of Lords debate on March 24 shows that public and Parliamentary concern over the working of this discredited Act is now widespread and increasing.

The restraint of the exhibition of obscene films and the importation of obscene films to be left to the Common Law. This straightforward test of indecent public exhibition was applied last June by a randomly selected jury of citizens at the Central Criminal Court. They were able to reach a unanimous conclusion about a particular film. It is the Common Law which points the best way forward for any new statute.

The Post Office Acts and Customs legislation on prohibition of imports already use the straightforward concept of indecency. Now is not the time to abolish the Common Law offence. The Commission also appeared to have overlooked the difficulty caused by Lord Widgery's ruling in *R v Anderson* that "obscene" for the purposes of the Act meant, and meant only, that which has an effective tendency to deprave and corrupt.

However, it is good to see that the Commission has accepted the distribution of obscene films should be subject to legal restraint. The Court of Appeal recently ruled that distributors were not liable under the 1959 Act.

A presumable more sensible definition of the limits of the public good defence proposed by the Commission is to be welcomed, but they propose it on the assumption that the 1959 Act provides the best model for cinematograph legislation, which it does not.

## Freeing the council house serfs

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Yours faithfully,  
R. EDMONDS,  
Housing Centre Trust,  
62 Chandos Place, WC2.  
March 29.

## Conditions in Brazil

From Mr G. M. Playfair

Sir, Mr Tam Dalyell's letter (March 12) is an astonishing document. Rightly pointing out that two weeks in Brazil do not make him "any kind of authority" in the subject, he proceeds to give a series of impressions that will strike anyone who, like myself, spent more than 10 years in that country as misleading if not totally false.

Passing over such details as the fact that Mr Dalyell has managed to misspell the names of every Brazilian he met and also that of the country's largest city, what really amazes me is his evident determination to whitewash a country against which even the conservative American Mr William Buckley has spoken out very forcefully. (He was able to find plenty of evidence for violation of human rights on a trip of even less than Mr Dalyell's two weeks.)

Suggestions that Brazilians are doing no worse than our Mr Rees is doing in Northern Ireland are outrageous. Does Mr Rees haul people off the street and return their bodies to their families later with a note "committed suicide while in prison"? Does he hang people on walls and give them electric shocks in their genitals? Or does he simply drop their corpses in the river? I could fill this page with first-hand accounts of such atrocities from Brazil, many of which have been presented to the UN Human Rights Commission.

To mention just one: only weeks after Mr Dalyell visited that island prison, my friend Fred Morris was a Methodist missionary and fellow-journalist was arrested in a Recife street and submitted to tortures so horrifying that the United States Ambassador lodged a

## Cutting down on youth clubs

From Mr Dennis Stevenson and Lord Spencer

Sir, One of the most disturbing features of current cuts in local authority spending is the reduction of essential services for young people (for example the closing and running down of youth clubs in rural areas, where there is no alternative, and inner city stress areas where the need for them is greatest).

As chairmen of two of the major voluntary youth organizations in the United Kingdom we are writing not so much to bemoan this fall in government expenditure but to emphasize the challenge it holds out to government, industry and individuals alike to make best use of the potential that exists to provide these services through voluntary effort and work. What can be done in practice to stimulate the voluntary enterprise and provision?

First, money. There now exists a large number of national and local voluntary youth organizations with a proven competence in harnessing volunteers and voluntary effort to a small professional staff so as to produce far greater output than government organizations. Let government make these organizations and individual citizens give that little bit extra to such movements to enable them to expand so as to meet the gaps created by the fall in statutory provision.

Then, people. Many adults would like to take on a voluntary role, but do not know how. Some have the personality that would be best used in face to face work with the young, let them approach the responsible authorities and become involved in leadership. Others have the management skills to help in policy making, fund raising and administration whether nationally or locally; let them approach their voluntary organizations to make these badly needed skills available. People often ask how they can be of use. NAYC and NABC are but two of a number of well organized voluntary movements able to provide to those who offer their services adequate support and practical guidance.

In no way do we endorse the rundown in government expenditure in the youth service; it was already pitifully low. However, we hope that at least the shock it causes may stimulate voluntary efforts to meet the gap in provision all over the country. DENNIS STEVENSON, Chairman, National Association of Youth Clubs. LORD SPENCER, Chairman, National Association of Boys' Clubs.

## Policies for Rhodesia

From Mr David Tudor-Pole

Sir, In considering political realities in southern Africa I wonder if some thought can be given to the position of black Rhodesians serving in the white population. Involvement in the white population's government may well be regarded as having forfeited any claim to protection from the British Crown.

For the same reason they may also be regarded as being in a position to be regarded as traitors to Zimbabwe, although at no time have they enjoyed—in practical terms—much measure of choice. Imperceptibly they have been pushed into their predicament by the economic and social pressures exerted by the white masters.

When the chips are down it is possible (even probable on humanitarian grounds) that an airlift or other means of escape will be open to the white minority. It is realistic to suppose that they will not be left to a fate similar to that accorded to collaborators in European countries liberated in 1945? Their only hope seems to be that a black government will be able to astonish the world by exercising a greater degree of toleration and statesmanship than was exemplified in Europe and the USSR. May it be so.

Yours sincerely,  
DAVID TUDOR-POLE,  
20 Radcliffe Avenue,  
St Margarets,  
Twickenham, Middlesex.

## The British Library

From Miss Winwood Reade

Sir, Your correspondent John Stewart Collis asks (March 18) who cares about the British Library? I am a rustic by nature and no longer like the ways of the metropolis. I can walk up a lane and meet the mobile van of the Oxfordshire County Library at a house in the middle of a country of mixed woodland which might even interest John Stewart Collis, author of *The Triumph of the Tree*. My latest request card to the librarian was for a copy of the various tactics of rustic readers, was for a dissertation for a doctorate at Northwestern University, by Elaine Moxier Kaurav, on *Blake's Botanical Imagery*. The week I received a microfilm copy of this thesis which I am now reading quietly in an atmosphere of study in my own home. Where did our mobile librarian obtain this thesis for me? From the British Library. No wonder people like myself care deeply about every link in the chain of our magnificent public library service.

Yours faithfully,  
WINWOOD READE,  
Winwood Road,  
Stoke Row, Henley, Oxon.

## 'Dear Reverend'

From Mr St John Harmsworth

Sir, The clergy are not the only body of men to attract unorthodox forms of address. Since my appointment as minister, I have received a list of what people have called me. Top of my chart, on occasion only, is "Your worshipful Holiness", a distinction to which I venture to believe comparatively few persons can lay claim. "Your Majesty", twice, and lastly "Your Grace". ST JOHN HARMSWORTH, Marlborough Street Magistrates' Court, Great Marlborough Street, W1.



## Financial hardship no bar to specific performance

Francis v Cowcliff Ltd.

Before Judge Rubin, sitting as deputy High Court Judge.

[Judgment delivered March 26]

A landlord's financial inability to "provide and maintain a lift" for the use of tenants in compliance with a covenant in a lease does not operate to frustrate his obligation under it, nor does it constitute a defence to a claim for specific performance of the covenant.

Judge Rubin set aside his order in *Francis v Cowcliff Ltd.*, a case in which Mrs. Kathleen Dorothy Francis, tenant of a flat in Nevill Mansions, Kensington, an order for specific performance of the covenant against her landlords, Cowcliff Ltd.

Mr. Geoffrey Jacques for the tenant; Mr. J. J. Davis for the landlords.

HIS LORDSHIP said that the tenant, a widow of 70, had lived in a flat on the third floor of Nevill Mansions for 40 years. The landlords, by clauses in a lease granted to her by their predecessors in title, had covenanted to keep the exterior of the premises and all parts of the building, including hall, staircase and passage not the subject of that or any other letting, in good repair and to provide services "where facilities exist to provide and maintain a lift or lifts for the use of 'tenants in the building'". Part of such facilities was the provision of a hydraulic lift, which operated until February, 1972.

On August 13, 1972, the reversion was assigned to the present landlords, who financed the purchase by way of a loan mortgage.

In February, 1975, the tenant commenced proceedings. She sought an order that the landlords provide a lift in working order and damages for breach of covenant.

In lieu or in addition to the order. The landlords did not dispute the breach of covenant but denied the tenant's right to have specific performance on the basis that it was impractical for them to provide a lift: at the trial they were given leave, on terms, to amend their defence that their obligation under the covenants had been frustrated.

There were three issues. Were the landlords excused from performing their obligation under the covenants because performance had been frustrated? If not, was the tenant entitled to specific performance? If not, what measure of damages was appropriate in lieu?

His Lordship, after reviewing the facts, concluded that the lack of a working lift had been a serious inconvenience and hardship to Mrs. Francis. The evidence showed that restoration of the lift would be too costly and that installation of a new lift would cost £24,640, which the landlords had paid a little over £4,000 for a lift which was waiting to be installed.

The landlords' only reason for not proceeding with the work was that they did not have adequate finance. Accounts for the relevant periods showed that they had a bank overdraft of £16,535 and that they owed the Inland Revenue £30,000; both were pressing for payment. Clearly, the landlords were insolvent and unable to meet their debts unless further finance was provided from outside sources.

The landlords said that no further finance was forthcoming because of the property market collapse. It was argued that the refusal of the landlords' mortgagee to make further advances released them from further performance of the covenants.

HIS LORDSHIP accepted that the doctrine of frustration applied to a covenant in a lease so long as it

created a continuing or future obligation, but in his judgment the landlords' case was a long way from frustration. The fact that they could not raise the necessary money for the work did not make the thing to be done different from that contracted for.

The tenant relied on section 125 of the Housing Act, 1974, which enabled the court to grant specific performance of a repairing covenant "relating to any part of the premises in which the dwelling is comprised"; and on the general principle that, in an appropriate case, the court would decree specific performance of an agreement to build if certain conditions were satisfied: *Jeune v Queens Cross Properties* ([1974] Ch 97).

Prima facie the tenant was entitled to specific performance. But as the remedy was equitable and discretionary, the court would not grant it where it would inflict great hardship on a defendant. *Snell's Principles of Equity* (27th ed., 1958) put the matter thus: "To constitute a defence, however, the hardship must have existed at the date of the contract; specific performance will not be refused merely because, owing to events which have happened since the contract was made, the completion of the contract will cause hardship. Financial inability to complete is not hardship." *Nicholas v Ingram* ([1958] NZLR 972) was cited in support.

In the present case, there was no hardship at all at the time of the contract. If ever there was a case in which the defendant had brought hardship on himself, the present must be it. The landlords chose to purchase and embark upon an expensive scheme for development of the property without any adequate finance and without

making any but the most speculative arrangements for such finance. For those reasons an order for specific performance would be made. It was said that it would inevitably result in the company being wound up. Even if that were so, it did not seem to his Lordship to be any reason why the tenant should not have her order. In any event he was far from satisfied that the guarantors of the mortgage loan would not provide the necessary money to do the requisite works and save off the creditors.

If his Lordship was wrong in granting specific performance, the damages which he would have awarded in lieu would have been £330.

Leave to appeal was granted. Solicitors: Mr. Timothy Boulton; Culross, Lipkin & Co.

## Wrong court for nuisance cases

Parsons and Another v Livingston and Another

The High Court was not a proper forum for the hearing of nuisance cases between neighbours, Mr. Justice Donaldson said in the Queen's Bench Division. Exclusive jurisdiction should be given to the county court to hear those cases as the county court judge would be more familiar with the locality and could take a view. The costs would be lower. County court registrars should be encouraged to act as conciliators in such disputes as there was no single right solution and the parties should be assisted to reach an adequate solution.

Mr. R. A. MacCrimmon, QC, Mr. Basil Eckerley and Mr. Alan Partridge for the plaintiffs; Mr. J. S. Hobhouse, QC, and Mr. Michael Dean for the defendants; Mr. Robert S. Alexander, QC, and Mr. Nicholas Phillips for the defendants.

The MASTER OF THE ROLLS said that three months ago a big oil tanker, the *Diana Prosperity*, had been launched in Japan, but prosperity was not her future. She

## Shipbuilding custom of Japanese upheld

Reardon Smith Line Ltd v Yngvar Hansen-Tangen, Sanko Steamship Co (third party)

Before Lord Denning, Master of the Rolls, Lord Justice Stephenson and Lord Justice Bridge

The Court of Appeal dismissed an appeal by the plaintiffs, Reardon Smith Line Ltd, of Cardiff, from Mr. Justice Mocatta's order of March 15 that, upon the true construction of a charter of October 1973, between them and the defendants, Yngvar Hansen-Tangen, trading as H. E. Hansen-Tangen, of Norway, they were not entitled to refuse to take delivery of a tanker now known as *Diana Prosperity* because she had been built at Oshima, Japan, by the Oshima Shipbuilding Co Ltd, and not at Osaka by the Osaka Shipbuilding Co Ltd and because she bore the yard no 004 and not "Yard no 354 at Osaka Zard".

The appeal had been expedited. It was stated that between the conclusion of the hearing on March 26 and the delivery of the judgment agreement had been reached whereby delivery of the ship (on which a loss of £11m was expected) would be taken without prejudice to the subsequent determination of the legal position.

Leave to appeal to the House of Lords was granted.

Mr. R. A. MacCrimmon, QC, Mr. Basil Eckerley and Mr. Alan Partridge for the plaintiffs; Mr. J. S. Hobhouse, QC, and Mr. Michael Dean for the defendants; Mr. Robert S. Alexander, QC, and Mr. Nicholas Phillips for the defendants.

The MASTER OF THE ROLLS said that three months ago a big oil tanker, the *Diana Prosperity*, had been launched in Japan, but prosperity was not her future. She

was now nearly ready to be delivered. But no one wanted her, and she would be laid up.

In 1972 there was a demand for more and bigger tankers, and Sanko sought to meet it. They planned the building of 50 tankers of 80,000 tons each. Existing shipyards had to be enlarged, new ones had to be built. Then the vessels themselves were to be built. In order to raise money, Sanko granted time-charter of the vessels long before they were built, and at rates below the current market rates of hire. They made firm fixtures of the non-existent vessels. Sanko were bound to have the vessels built and the charterers were bound to take them. Armed with those fixtures, Sanko were able to borrow money from bankers to carry out their programme.

In 1973 Sanko ran into difficulties between the dollar and the yen. After negotiations 18 of the charterers agreed to cancel the charters and Sanko gave each of them \$3m to do so. But the other 32, including Hansen-Tangen, refused; it seemed advantageous at the time. Hansen-Tangen raised the price of oil. Far less oil was transported, and there was no need for so many tankers.

The Japanese had committed themselves to construct the vessels. The charterers did not want to take delivery of the vessels because they would be saddled with them for five years paying huge sums in charter hire. No negotiations took place, so the Japanese went on building the vessels. The *Diana Prosperity*, launched on December 28, 1975, was due to be delivered on April 1, 1976.

The charterers said that the vessel was to be built by Osaka Shipbuilding Co Ltd, known as hull 354 until named "Diana Prosperity". It was to be built at Osaka, 300 miles from Oshima, and was known as hull no 004 of Oshima.

The charterers had taken out a time charterparty, under which the vessel was to be chartered. The question was to be decided on the assumption that, save for the discrepancy, the vessel was in exact accord with the charter.

The Osaka company had been established for 40 years and had a high reputation. They had a shipyard at Osaka, but as they could not build vessels of more than 45,000 tons they had to construct a new yard at Oshima.

To exploit it, the Osaka company entered into a joint venture with two companies of the big Sumitomo group. A new company was formed, called the Oshima Shipbuilding Co Ltd, 50 per cent of whose shares were held by the Osaka company.

The vessel was to be constructed by Oshima at their yard under the supervision of the Osaka company and the owners (a Japanese company called Sanko) had to pay for the construction.

The charterparty provided that the vessel was to be built by the Osaka company and was to be delivered to the charterers at Oshima.

It was quite clear that so far as the vessel was concerned, the charterparty was to be construed as if it were a charterparty for the construction of the vessel by the Osaka company, who submitted the contract to the Oshima company. Oshima did the work under the supervision of Osaka, many of whose personnel were seconded to work on the vessel.

In the charterparty, the charter governed by English law, intermediate charter and sub-charter. The vessel was always given the number Oshima 354. There was no reference to Oshima 004. The charterers and their brokers had thought that the vessel was to be built by the Osaka company itself and given the number 354 as the 354th vessel to be built by that company.

On the first question, "was this the vessel?", the judge had found in favour of the charterers against the Japanese.

His Lordship had found the point of construction difficult. The Japanese had interpreted the words and numbering in a different sense to the Norwegian charterers and English sub-charterers. The words were to be construed according to English law.

The solution was to be found by looking at the surrounding circumstances. The Osaka company had no facilities at Osaka for building an 80,000-ton tanker, so it would have to be constructed at some other yard. It was to be constructed in Japan, where it was customary for a party to subcontract the building of the whole of the vessel. The numbering would be in accordance with the numbering customary in Japan. By Japanese usage, Oshima 354 was an accepted way of numbering the vessel, even though it was built at Oshima as no 004.

The charterers could not avail themselves of their ignorance of those circumstances. They had chosen to charter a vessel to be built in Japan by Japanese and must be taken to know the surrounding circumstances relevant to the construction of the charter.

The vessel which the Japanese were about to tender was the vessel Oshima 354 described in the charter and the charterers were not entitled to refuse to take delivery.

Mr. Justice Mocatta had found that, although the vessel to be delivered did not comply with the contractual description, its compliance was not such as to entitle the charterers to reject delivery.

The charterers had relied on *Brown v Shand* (1877) 1 App Cas 455 and *Araya Ltd v Rotunda & Son* (1933) AC 470. The distinction between the identity of goods and their description was most elusive. His Lordship accepted the authority of those cases in reference to contracts for the sale of future goods but did not think that they applied to other contracts.

His Lordship agreed with what Mr. Justice Devlin said in the *Cargo Ship El-Yam* case ([1958] 1 Lloyd's Rep 33, 32). Everything depended on the true construction of the contract. If the description was a "strict condition" then the other party was entitled to reject it, to be strictly complied with to the letter. But if it was a "strict condition" then the other party was entitled to insist upon it, to be strictly complied with to the letter.

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## Studies for nuclear ship started

By Peter Hill  
Industrial Correspondent

Preliminary studies for the construction of a nuclear merchant ship are being undertaken by the Ship and Marine Technology Requirements Board.

These are among some of the most important projects being undertaken by the organization as part of its continuing shipbuilding research and development work. The studies were initiated last April by the Department of Industry, when it published its second detailed report on prospects for nuclear merchant ship construction.

According to Mr. Nigel Brookes, the board's chairman, the studies now being undertaken are designed to assist in the assessment of the prospects for nuclear merchant ships on a commercial scale, and he described them in the board's annual report as being of "considerable importance".

The board's research activities embrace shipbuilding, ship operation and marine technology, and last year the organization had a budget of about £6m.

Mr. Brookes said in the report, which was published yesterday, that the board had sought to maintain a particular emphasis on technology transfer.

## Rockware and United Glass see price rises

Britain's two biggest glass container manufacturers, United Glass and Rockware, will be putting up prices over the next few weeks. United Glass wants about 7½ per cent. This follows three price rises throughout the industry last year totalling 32 per cent.

The industry is expecting demand for bottles and jars to increase from 42m units last year to 44m in 1976. Despite last year's decrease from the 50m units sold in 1974, three of the United Kingdom's four big container makers made record profits.

## Councils for businesses

The Association of Independent Businesses is to establish regional and constituency councils to combat what Mr. W. G. Poore, treasurer, yesterday called the "danger of extinction within a generation".

The idea is for councils to have regular contacts with local MPs and parliamentary candidates so that they are made "acutely aware of the need to amend and repeal much of the legislation which is crushing the life out of independent business".

## France wants to discuss 'snake' changes at Community summit

Brussels, March 29.—M. Giscard d'Estaing, the French President, has reportedly submitted to other European Community leaders France's ideas on improving Community monetary cooperation, including adjustments to the snake, the joint floating block.

The document, it is understood, is to be discussed when Community leaders meet at a summit in Luxembourg at a Thursday and Friday. Sources said the document is highly confidential at this stage, but that it may be published at the start of the summit.

Other sources claiming some knowledge of the Giscard d'Estaing ideas submitted, say the French President broadly suggests that the snake, now linking the German, Dutch, Belgian, Danish and Luxembourg currencies, should aim to bring in the French franc, the British and Irish pounds and Italian lira.

In order to allow such an expansion of the snake, the French President reportedly suggests an adjustment of snake

mechanisms and of current exchange rates of snake members. Currencies in the snake can move against each other within a narrow band of 2.25 per cent. If any snake currency is 2.25 per cent away from the leader, there has to be a central bank support at either floor or ceiling points.

The Giscard d'Estaing ideas on adjusting the snake with the aim of allowing later widening of the monetary arrangement, was apparently only part of a series of proposals the French President had submitted to other EC leaders on tackling current monetary and economic problems in the Community.

He has already notified the Luxembourg Prime Minister, M. Gaston Thorn, who is president of the EC Council, of France's interests in having urgent monetary and economic problems discussed at the forthcoming summit.

EC sources said they don't expect any dramatic decisions from the summit meeting, but anticipate that it may produce some new momentum for pre-

parations of a July EC summit in Brussels, where actual decisions could be taken.

There was no confirmation available in Brussels from EC authorities of the reported French monetary and economic move.

Bona coolness: West German government circles appeared cool toward the reported French suggestions for modifying the snake.

Commenting on the reports that France wants to discuss snake changes, government sources said Germany feels that any significant widening of the 4.5 per cent fluctuation limit within the snake would limit the usefulness of the block arrangement.

The sources stressed that Germany's mid-March offer to revalue the mark in order to keep France within the snake ceased to exist when France left the block. They see a certain "conflict" between France's past advocacy of fixed but adjustable rates and its reported desire to weaken ties among snake currencies.

PIW says: Saudi Arabia will pay Aramco a little more than \$1500m (about £750m) for its remaining 40 per cent ownership of the producing assets. The effective rate of the takeover has not been set, PIW says.

Other terms of the agreement reported by PIW include: Aramco partners will buy their oil at the full market price set by the Saudi government but will receive the same discounts granted to any third party.

The Saudi government will pay Aramco a service fee for running its oil operations, consisting of a basic operating fee of about 15 cents a barrel and exploration fee of about 6 cents. This fee will be computed net after Saudi taxes and paid on total Aramco production.

The deal includes long-term purchase obligations, and the American companies will be subject to penalties if they cannot meet the obligations because of price or market conditions.

This new operating agreement is to be a five-year concession to 1999, and will be limited to the present concessionary area. The companies will continue to put up their own capital for exploration in the concession area. The companies will lose money on unsuccessful exploration, but for successful ones will receive, in addition to the 6 cents a barrel fee, crude supply entitlements proportionate to the new reserves discovered.

PIW also reports that Saudi Arabia's state-owned oil company, Petrochem, is now willing to "roll over" its 1973 direct-sale crude oil contracts for three more years with volumes and contract terms unchanged.

It was reported from Algeria that Angola was considering joining the Organization of Petroleum Exporting Countries. Mr. Lopo do Nascimento, the Angolan Premier, said in an interview that his government already had had bilateral contacts with members of the Organization of Petroleum Exporting Countries on the subject.

AP-Dow Jones: Roger Velez writes: Angolans may find it difficult to gain admission to the exclusive oil exporters' club. Several applications from small oil producers have been rejected, and in future new members will have to prove that oil is their principal source of revenue.

Over 2,000 such systems have been installed during the past five years.

## Aramco's entitlement may top 6m barrels a day

New York, March 29.—When Saudi Arabia takes 100 per cent ownership of Aramco according to the terms reached in the recent Florida meeting with the four United States partners, Aramco's entitlement will be considerably more than the 6 million barrels daily being widely reported. *Petroleum Intelligence Weekly* says it can state "authoritatively".

The exact level agreed upon is not being divulged, PIW says. But the four American companies—Exxon, Texaco, Standard Oil of California and Mobil Oil—will be obliged to lift roughly the same volume of oil they are now taking.

In the first two months of this year, Aramco produced an average 7.5 million barrels daily, most of which was lifted by the four United States companies.

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## Yorkshire freight complex plan

By Michael Bailey  
Transport Correspondent

A proposal for Britain's biggest inland freight interchange at the junction of the M1 and M62 motorways in West Yorkshire was announced by the Wakefield Metropolitan District Council yesterday.

The council are this week completing the purchase of a 250,000 sq ft site which they hope to see developed as a massive transport, warehousing, and servicing complex with the help of the French Garonor group, who have carried out a similar project on the outskirts of Paris.

Although the council are that committing themselves to the project, it became clear yesterday, however, that they have neither finance nor customers for it. Garonor, who developed the £20m Paris project jointly with private sector finance, have a commitment of that kind at Wakefield.

They have formed a British subsidiary which expects to act as paid project managers. Spokesmen at a launching ceremony at the World Trade Centre in London said transport operators had expressed interest in taking space in the project, and pension funds in helping to finance it.

Neither the Department of Trade nor the strategic transport authority for the area, the West Yorkshire County Council, are involved.

Mr. Jack Smart, leader of the Wakefield Council, described it as "a new local authority which treats local government as big business."

With unemployment above the national average as coal mining in the area declines, the 1,500 jobs the centre would create would undoubtedly be a big advantage. The position of the centre at the junction of the main north-south east-west motorways is also attractive, as would be the facilities offered.

However, the Paris project relied heavily for its appeal on keeping heavy lorries out of the central area, and regional machinery to secure two-way loads, both factors which do not appear to exist at Wakefield. In the present state of the economy there is a big surplus of transport and storage capacity.

## LETTERS TO THE EDITOR

### 'Forum shopping' an established principle

From Mr. I. A. D. Martin

Sir, Mr. Anthony Rowley, in the course of his recent article on choice of law for the dependants of victims of the DC-10 crash, states that the proportion of damages taken as fees by the attorneys under the American contingency system is "typically around 30 per cent".

I accept this use of the word "typically", but it is misleading to quote that percentage in the particular context of the DC-10 claims. In these cases attorneys have been retained on a 12 per cent fee and to keep the matter in perspective it ought to be remembered that in the majority of cases this fee is being shared between syndicates of two, if not three, American law firms working in conjunction in the preparation of cases.

The suggestion made by Mr. John Hewitt at Lloyd's quoted by Mr. Rowley, to the effect that American attorneys were

seducing potential claimants to the jurisdiction of the Californian courts, does less than justice to English solicitors engaged in conjunction with their American attorneys in advising their clients and preparing their claims. (Here I should declare an interest as one of those solicitors.) In all the cases of which I am aware, the decision to bring proceedings in the United States was taken by English solicitors without prompting from our American colleagues.

The principle of "forum shopping" to obtain the best advantage for a client is well established in other spheres—for example, admiralty litigation—and I have never seen why application of that principle should have caused surprise to the defendants in the DC-10 litigation, let alone led them to stigmatise it as an "abuse".

Yours faithfully,  
I. A. D. MARTIN,  
13 Police Street,  
Manchester M2 7WA,  
March 22.

### Consumer's right to choose best value

From Mr. N. A. Blitch

Sir, A letter to you (March 25) prompts me to inquire whether the writer, Dr. P. W. Foster, is writing to express a personal view, or the view of Dr. P. W. Foster who is the managing director of a textile company (part of a large United Kingdom textile group), who happens to be writing from the former's town of residence—Tiverton, Devon.

If the latter, the sentiments expressed in Dr. P. W. Foster's letter are understandable; if both Dr. Foster's are, in fact, the same person there is no mystery, the special pleading on behalf of United Kingdom textile manufacturers being the natural reaction when a producer defends a vested interest against consumers exercising their right to choose from those who would supply them with goods at the lowest price.

Dr. Foster's letter is a smoke-screen of emotive platitudes, peppered with the usual stock-sequiturs, which protectionists surround themselves with, as they persuade Governments to erect tariff and other restrictions against devices against consumers.

A random selection from Dr. Foster's letter includes: "unpleasant things like dumping". Unpleasant to whom? British shoppers looking for a bargain? Why does the "price advantage" have to be "fully passed on"? Either the United Kingdom consumer is being sold goods at prices

which are lower than what United Kingdom manufacturers are able to offer, or they are not. "Large profits are being made in the high streets of Great Britain..."

Would he have them make, like United Kingdom car manufacturers, nationalised industries, etc., large losses for the long-suffering consumer (tax payer) to have to underwrite with increased taxation? Printing more money is no panacea.

In Dr. Foster's world, competitors are "unprincipled" and retailers are driven by "the profit motive to seek out their best sales". In other words, they are cheap and are able to sell cheap. Who is Dr. Foster speaking for? The Tribune Group of the ultra-left Socialists, or for consumers of a competitive free enterprise economy?

Come off it Dr. Foster! All production is for consumption, not a state-regulated institution for providing relief to inefficient domestic producers. At least I thought so until the present (and previous) Government started pouring vast quantities of tax-payers' money into car manufacturing, motor cycle production, textiles, shipping, and any other sector deemed to carry political clout, such as those other perennial losers, the farmers.

Yours faithfully,  
N. A. BLITCH,  
6 Rushmore Road,  
Purley, SW15,  
March 21.

### The dollar and inflation in Britain

From Professor G. Maynard

Sir, Mr. Hoskyns (March 25) is quite right when he says that the steep rise in the price of primary products in 1972/73 was due to excess demand rather than to cartel action (with the obvious exception of oil, but I do not follow all that clear that pursuance of Keynesian policies in the UK as a whole was mainly responsible).

Although there were a number of other factors operating, the rise was due to a type of industrial boom in the major industrial countries of the West. This was precipitated, and probably caused by, vast expansion of international reserve assets and money supply and a consequent sharp fall in world interest rates.

To my mind therefore the monetarist explanation of the acceleration of world inflation may be broadly correct. But it is by no means clear that the Keynesian explanation of the rise in the price of primary products was the result of the long delayed devaluation of the UK dollar against other major currencies (apart from sterling and consequently massive inflation against this currency in 1971/72 which central banks were prepared to finance).

It can hardly be thought that a refusal of central bank to adjust their currencies, in the face of inflation, would have led to support of Keynes himself, I had been alive, or was necessary part of Keynesian expansionist policies.

As far as the UK is concerned, although UK import prices in sterling were affected by sterling devaluation, the major factor was surely the rise in the foreign exchange price of our imports (ie, it was an exogenous factor as far as the UK was concerned) which also worsened the country's real terms of trade.

Yours faithfully,  
GEOFFREY MAYNARD,  
Professor of Economics,  
Department of Economics,  
University of Reading,  
Whiteknights, RG6 2AA,  
March 25.

Words—where advice would be welcome

From Mr. A. J. Barnett  
Sir, The Equal Opportunities Commission this week issued "Bitter guidance" on terminology which is not approved for staff advertising.

Non-approved words include "manager", "engineer" and "accountant". Use of these words, in the absence of a unique qualification, appears to run the prospective employer foul of the law.

Those who have to cope with the realities of business life may well not have time to re-designate generic titles which have worked well for centuries without any intended sexist bias. Indeed, as a practising accountant, it appears to me that one has to add fresh words to the dictionary or try to change the name of an established profession. Advice would be most welcome.

Yours truly,  
A. J. BARNETT,  
4/6 George Street,  
Richmond, Surrey,  
TW9 1HD,  
March 25.

### Need for an investigation into prices of lamp bulbs

From Mr. J. Vandenburg

Sir, Today you reported "Lampmakers seek inquiry on imports". It is well known that, for many years, the large manufacturers of bulbs have operated a price ring, which kept prices unnecessarily high.

The company which employs me had for many years exported bulbs mainly to British Dominions. These were purchased from smaller British companies independent of the ring at prices a mere fraction of the ring prices.

In recent years these independent companies have been taken over by the larger companies inside the ring. As a result prices are now sky high

and we are no longer able to export to our previous customers. It is not surprising that overseas manufacturers are now able to sell here at very competitive prices.

The Department of Trade should investigate how this position arose rather than restrict imports of bulbs, which result in higher prices for British motorists though they may have the effect of reducing the super profits of monopoly rings.

Yours faithfully,  
J. VANDENBURG,  
1 Monkville Avenue,  
London, NW11 0AH,  
March 29.

## The Edinburgh and Dundee Investment Company Limited

### Summary of Results

	Year to 31st Jan. 1976	Year to 31st Jan. 1975
Total Net Assets at Market Value	£80,143,216	£53,344,187
Ordinary Share Units:		
Asset Value	169.0p	107.3p
Earnings	2.98p	2.82p
Dividend	2.80p	2.70p
Geographical Distribution of Investments		
Equities: United Kingdom	28.2	34.3
United States	39.5	42.6
Japan	6.0	3.5
Europe	1.3	3.5
Australia	4.3	3.6
Other Countries	4.4	3.4
Total Equities	84.3	90.9
Fixed Interest Stocks	12.6	3.7
Deposits	3.1	5.4

### Summary of Statement by the Chairman, Mr. G. T. Chiene

● Earnings are slightly down on last year but we expect to earn rather more in the current year. An increase in the dividend from 2.70p to 2.80p is recommended.

● The rise of 57% in the asset value per share is less than the rise of 69% in the U.K. market due to smaller rises in foreign stockmarkets where we have substantial investments. Over the last two years, however, we have done rather better than the U.K. index.

● During the year we became increasingly concerned that U.K. equities were becoming overvalued particularly in relation to Government Stocks. At the year end 11.2% of funds was invested in Government Stocks compared with 1.9% last year.

● The outlook for the U.K. economy is improving but serious difficulties remain. The future progress of the economy will depend largely on a reasonable agreement on wages and salaries and on the resolution, which the Government resists pressures for premature inflation.

● In the United States, and in other countries, greater progress has been made in dealing with the twin evils of inflation and recession. At the year end 40% of our assets were invested in U.S. equities, 28% in U.K. equities and 12% in other overseas equities. The balance of 15% was held in U.K. fixed interest stocks.

Copies of the Annual Report may be obtained from  
Baillie, Gifford & Co., 3 Glenfinlas Street, Edinburgh EH3 6YF



## English Property Corporation Limited

A leading international property investment and development group active in the United Kingdom, Canada, the United States, Belgium and France.

Extracts from the annual statement of the Chairman, Sir Brian Mountain, Bt.

### Investment property values independently reviewed

"After a valuation by your directors and a review by independent valuers, in the directors' opinion, the aggregate value of the group's interest in completed investment properties continues to be fairly stated in the balance sheet."

### Development properties—no provision currently considered necessary

"A review of our development properties has shown that there might be a reduction in value of the group's interest on completion of some £12 million. In view of what must of necessity be an interim assessment, the directors do not consider that any provision is appropriate at this stage."

### Current worldwide letting experience satisfactory

"Our lettings worldwide have held up most satisfactorily. The overall vacancies within the completed investment portfolio are minimal and while there are a few disappointing local situations within the development programme, the general picture is very healthy. Even in these sensitive areas there are distinct signs of growing confidence leading to improved letting activity."

### Substantial reduction in short term borrowings

"Substantial progress has been made in improving the company's debt structure."

"If one eliminates currency fluctuations... short term debt fell from £85 million to £61 million. Of this £61 million, only £29 million is the liability of the parent group... and this figure has been further reduced since the year end to £22 million."

### Capital and income growth objective

"It is our ultimate objective to provide an investment which is diversified as to currencies and types of property and which exposes the shareholder to a minimum of risk while providing good opportunities for growth of both capital and income."

Copies of the annual report for the year ended 31st October, 1975 may be obtained from the Secretary,

## English Property Corporation Limited

16 Grosvenor Street London W1X 0DX Tel: 01-499 0444  
Telex: ENGPOR LDN 24906 Cables: ENGPOR LONDON W1



BY THE FINANCIAL EDITOR

## Stone-Platt's stand on inflation accounting

hard on the heels of the first all set of current cost accounts on Bernard Werle, we now see Stone-Platt flying directly at the face of The Stock Exchange's request for companies to give greater guidance on the impact of inflation on their profits pending the adoption of a university standard on inflation accounting.

"It would not assist shareholders to publish inflation-adjusted figures at this stage", the board considers—though it is thrown in a property revaluation in passing. And the word's view is not one put to shareholders alone. SP has also been in the Stock Exchange's firing line of course—telling it the same thing.

The company rests its case on the argument that in asking companies to use one of a number of methods for adjusting their profits, the Stock Exchange is asking them to make wrong investment decisions.

Albeit that SP is not an ideal beneficiary of inflation accounting, that should not be a reason for its stance. It is true, however, that SP is far from excited about the idea of inflation accounting. It belongs to the tool that would argue that at basically matters in a flood of exceptionally high inflation is the ability of management to make adequate provision of cash flow and value. Managements that can this are well on the way to survival. Managements that cannot would probably find inflation accounting beyond a way.

SP is obviously not alone in attitude, though that has not prevented other companies from attempting to produce detailed figures for shareholders. However, company managements may be at an inflation, it still seems to be given some reason to precise figures on the act of inflation on what are all their assets.

For SP itself there must be a question of whether or competitive pressures have allowed it to produce the i of pricing necessary to steer inflation. While the up's outstanding orders are only slightly down at 1,000,000, orders on the text-machinery side have risen from 1,000,000 to 1,000,000. There are already a that the order recession coming off the bottom, while fall in sterling is providing additional cushioning for the side workload and Scraggs need to make a reasonable distribution this year. Nonetheless the yield of 4 per cent continues to be a constraint the shares at 106p.



Sir George Bishop, chairman of Booker McConnell

that—an exceptional situation. LMSO/SCOT conceded more to subscribing investors while Tricentral is paying a 5 per cent royalty in return for government bank guarantees.

In most of these cases the common factor has been the inability to offer lenders recourse to the borrowers' balance sheet. However, Charterhouse's idea is that institutions joining the investment syndicate could offer simple security relative to the N Sea development commitment, through the medium of partly paid loan stock.

The uncalculated portion would constitute a debt owed to the companies in which the syndicate would invest, and would thus be similar to a guarantee for bank finance that would be required.

Charterhouse reckons that this should give the syndicate a margin to negotiate purchases on terms more attractive to N Sea companies than, say, those offered by the Government to Burmah, and yet still leave participating gross fund institutions with a DCF rate of return of at least 20 per cent over the life of a field.

**Booker McConnell**  
**The Guyanese problem**

With the £750,000 loss which Booker McConnell made after tax on its Guyana sugar operations pushing the agricultural division into the red at the attributable level by £12,000 in 1975 (in the preceding year it made a profit of £1,600), there is inevitably a temptation to think that the company will be well rid of the interests which the Guyana government is now negotiating to acquire.

But much of the growth in the Overseas division (which contributed an attributable

£1.52m as against £1.17m came from Bookers Stores in Guyana; moreover the £19.5m net worth of the Guyanese companies at end-74 compares with end-75 shareholders' funds of £48m.

That said, however, these latest figures certainly establish that the group ex-Guyana is capable of growth: with United Kingdom profits up from £2.5m to £4.7m post-tax. In particular the engineering companies, which turned in an attributable £1.86m as against £1.82, are still performing strongly, health and food manufacturing has more to come, and the late Miss Christie keeps the contribution from artists' services waiting upwards. A 6.3 per cent yield on the shares at 106p would appear sufficiently to discount the Guyanese uncertainties.

Final: 1975 (1974)  
Capitalization £38.7m  
Sales £374m (£285.4m)  
Pre-tax profit £16.13m (£13.95m)  
Earnings per share 21.34p (20.08p)  
Dividend gross 8.86p (8.06p)

**English Property Corp.**  
**A way into North America**

English Property Corporation's reported pre-tax profit of £4.7m in the year to the end of October, 1975, excludes £20.9m of development outgoings, £2.7m more than in 1974. And so on a comparable basis the group's revenue deficit increased from £13.4m to £16.7m last year.

EPC's balance sheet provides more encouraging news. The £547.7m investment portfolio is considered fairly valued while the £19.6m of development properties are believed to be worth only £12m less than book value, a marginal decline which is not incorporated into the accounts. Property sales raised £40m in the year, and the £15.4m proceeds from last autumn's unprofitable rights issue helped ease the United Kingdom short-term debt position, and £65m of further sales since the year-end will have lightened the borrowing load.

But EPC's debt remains massive, rising to £500m last year. And the annual interest bill of £55m will cream off much, if not all, of revenue benefits due to the United Kingdom and European development programme coming to an end.

EPC's two third interest in the Canadian-based Trizec Corporation does, however, set it apart from the rest of the heavily borrowed United Kingdom property developers. As deconsolidated accounts show Trizec is the biggest element in EPC.

Trizec's portfolio (which is understated in terms of EPC's because of its earlier valuation date and exchange rate movements since the year-end) is £50m larger than its parent's, at £390m. And it is carrying an increasingly heavier proportion of the group's overall debt, up to £370m against the parent's £234m in October. On the development front, too, Trizec has taken the lead as the United Kingdom and European operations are run down.

It will be a number of years before the deficits incurred in funding United Kingdom and European developments are counter-balanced by new lettings and reversionary rental growth. And at 54p, yielding 6.5 per cent, the shares now seem to have come far enough from last year's unrealistically depressed levels.

Accounts: 1974-75 (1973-74)  
Capitalization £32.1m  
Net assets £126.14m (£132.95m)  
Sales £380m (£330.7m)  
Pre-tax profit £4.7m (£4.82m)  
Earnings per share 13.3p (17p)  
Before a £20.9m transfer from reserves (£18.2m in 1974).

Discussion of the next phase of the social contract and incomes policy will be based on people's perceptions of the present situation and their views of what will happen in the future with and without an incomes policy.

Many trade unionists are well experienced in assessing the economic developments. They are able to form a view as to what might happen to the level of unemployment and economic growth if there is no second phase and the Chancellor believes he must continue to place a high priority on reducing inflation.

At the same time they are bargainers and will press for the best deal they can get for their members. But governments, too, have learned to become bargainers in their dealings with unions.

We are probably in a situation where there is more realism and understanding of the practical room for manoeuvre in the choice of alternative policies than ever before. Experiences of previous incomes policies and of government attempts to introduce industrial relations reform are less likely to mark on all parties to the debates.

So far the social contract has been between the TUC and government with the CBI very much on the sidelines. Because the unions developed the policy they have had the major responsibility for ensuring that it is observed. This is why, so far as can be judged, the present policy is successful.

While it may well be the case that some groups would not have obtained £6 in the absence of the policy, there are other groups which have settled for less than £6 and some who have got more. My own judgment is that without the present policy both the rate of increase in money wages and the rate of inflation would be higher, and the incidence and extent of industrial disputes increased.

But that is a judgment. It can be neither proved nor disproved by statistical evidence. Other judgments can arrive at different conclusions.

It is because I believe that the present policy is working and producing advantages that outweigh the disadvantages, as well as its own costs, that I believe that an incomes policy is both economically necessary and socially desirable, that I hope that there will be a next stage this autumn.

The form and content of any incomes policy rest on the social contract between institutions as to whether it is to be based on voluntary acceptance and observance by the parties to collective bargaining, operating in the framework of moral obligation imposed by the policy.

Price control measures designed to support the voluntary observance, such as the present provisions for disallowing the whole of the wage increase in the public sector, are not to be introduced unless they are justified by the policy, do not change the institutions of collective bargaining.

Similarly, the government commitment to observe the policy in the public sector does not interfere with the normal institutions of collective bargaining with the exception of the freezing of the pay research unit approach for the Civil Service.

It seems unlikely that the unions will be willing to accept the creation of a body to act as overseer or implementer of the next phase of incomes policy. This would be seen as too great an interference with free collective bargaining.

If this is so, it is perhaps the most single crucial decision affecting the content of the next phase.

For, if the next phase follows the pattern of the present one and there is some limit placed on pay increases but it is left to the parties to bargaining to follow the rules for themselves with some minimum vetting for

## Limits of a voluntary incomes policy

price control purposes, then the policy must be a very simple one. Those who are genuinely committed to observing the policy must know what is expected of them and it must be easy for them and others to know whether they are following or breaching the policy.

This is why the present flat rate £6 is so well suited to a voluntary policy. The rule is simple and clear.

Even an equally simple uniform percentage rule of, say, 6 per cent, with possibly some cut-off point for higher pay levels, would not be as easy to implement. There would be many occasions when genuine disputes arose as to whether the percentage was correct.

Nevertheless, there will be very strong pressures for the introduction of some percentage element in order to avoid any further compression of differentials and relativities in percentage terms. A number of unions will also point out that their members' standards of living are being reduced by more than the average rate, because the flat rate cash approach gives them a lower percentage increase in income.

At the same time, slow economic growth makes solutions much more difficult.

**The consequence of continuing with the present voluntary method, with no adequate body of overseers, is that there should be no exception clauses to deal with special circumstances, and no flexibility**

Redistribution is easier in high growth situations because it may not be necessary to reduce the extremely difficult job of persuading unions and employers to accept some new body and set of rules and so opt for a continuation of the present approach, simplicity with all its warts.

Whether the TUC will in fact continue to support any form of incomes policy is not yet absolutely clear. While the present Government has delivered on its side of the social contract, the present level of unemployment is seen by many trade unionists as so intolerable that any acceptance of further wage restraint would be rejected.

The question hinges on whether it is believed that in the absence of an incomes policy the Chancellor might feel compelled to introduce economic measures which might lead to even higher unemployment. If government is denied access to one of the desired policy options—incomes policy—it may be faced with the choice of a less desirable option of traditional demand management measures.

The time to consider the arithmetic of the next phase is after the Chancellor's proposals are known and there is a clearer view of the state of the economy.

The role of the Chancellor is also crucial in the impact his Budget can have on trade union attitudes. Tax concessions to the lower income groups can also have a similar effect on the distribution of real disposable income as flat-rate cash increases, without there being the same effects on differentials and relativities in gross pay.

At the same time, because these improvements are obtained by budgetary measures, even though on the urging of the TUC, trade unions do not stand to receive the same

credit for them from their members as they would from a wage increase which had similar effects. Nor do they receive the criticisms from higher paid members in the same way as they do with a flat-rate cash limit.

Without some tax concessions from the Chancellor it is very difficult to see any form of second phase incomes policy having any chance of acceptance. It is also important to emphasize that even with tax concessions there will be some groups who will press (sometimes with great vigour) for larger pay increases next year.

In brief, what I think might happen is a move to a percentage pay limit which will be lower than the equivalent of the existing £6. The £3,500 cut-off point might be raised to £10,000. There may even be some provisions for larger pay increases on productivity grounds, but these will prove very difficult to implement in a way which is generally accepted by others as fair.

To obtain TUC support for this package the Chancellor will be expected to produce a redistributive Budget and persuade unions that unemployment will turn out to be significantly higher without a continuation of wage restraint. This will not be easy.

There is great need for increased investment if future employment and growth prospects are not to be seriously jeopardized. Given the usual methods of financing investment in this country this would require an increase in retained profits. This in turn would require some further easing of the Price Code or reduction in company taxation.

If additional price increases are allowed trade unions can be expected to react adversely on two grounds. First, there will be a redistribution of income from pay to profits, and, through investment, to capital appreciation for shareholders. Secondly, there will be additional price rises which will aggravate the decline in real living standards that might well accompany the next phase.

This decline is probable whether there is or is not agreement on wage restraint; only the methods of obtaining it will differ.

An alternative approach could be to change the method of financing investment and inject public funds in return for stakes in the company. It is then a matter of political judgment whether this change would in fact lead to sufficient investment in growth areas in the private sector taking place quickly enough, and whether the effect on confidence, both at home and abroad, might be such as to worsen the situation overall.

A different option would be to establish capital-sharing schemes whereby the ownership of increased assets resulting from the increased investment was shared by all employees. This would avoid the usual dilemma that government measures to increase investment in the private sector lead to an accumulation of assets by those already owning equity shares.

Such a scheme would, however, unfortunately take some time to introduce and so is not a likely feature of the next phase, but it is one that might be considered for the future.

**Derek Robinson**

The author was deputy chairman of the Pay Board, 1973-74. He is a Fellow of Magdalen College, Oxford, and chairman of the Social Science Research Council, but he writes in his personal capacity.

## Rivalries put the Andean 'six' under stress

Much doubt is being expressed about whether the Andean Pact can survive in its present form as the Commission of Cartagena, the decision-making body of the group of six countries, meets in Lima. A new board has been chosen, formed by representatives of Venezuela, Ecuador and Peru.

At the turn of the year the four most developed countries of the pact, Chile, Peru, Colombia and Venezuela, should all have lowered their external tariffs on a wide range of goods. The two weaker members, Ecuador and Bolivia, who are being given preferential treatment to help their economies catch up with the other four, should also have been given greater access to the markets of the others for some manufactures. The key agreement for the allocation of the motor industry should also have been finalized and signed.

It has been proposed by four of the nations that the tariff changes should be postponed for 18 months, while Chile and Colombia are both eager for the tariff reductions within the pact to come into effect as soon as possible.

It is widely felt that the timetable for tariff changes, and the agreement of complicated and controversial programmes like that for the motor industry, have been too ambitious and will have to be made more flexible if they are to work.

The underlying encouraging base of the pact is that none of the nations of the six has an internal market large enough, or with enough purchasing power, to warrant developing a comprehensive industrialization programme of its own.

It is planned in the motor industry, for example, that up to 90 per cent of all parts should be eventually manufactured within the countries of the six by 1985, instead of the 25-30 per cent as at present.

The problem is, and the motor industry illustrates the point fully, that each country would demand for their raw materials. The mineral exports of Chile, Peru and Bolivia have all been reduced, while three of the countries of the region have to import most of their oil and all have to pay for the machinery for their industrialization plans and consequently their balance of payments are under severe stress.

None the less the pact could play a vital role in the future. The prospect of being able to sell in all the countries of the six, with its market of 75 millions, is an added incentive to the pact's long-term growth.

What is required, and will probably shortly be forthcoming, is a new political impetus by the leaders of the six countries, now functioning fairly well at the technical level. Despite the big ideological differences between them, even established, it is probable that the pact will shortly regain its earlier rate of growth.

As it advances, the unique integration process will make each country gradually more interdependent and complementary with its co-members.

**Patrick Knight**

## Business Diary: Methven parting shot? • Enter CIBS

Mr Methven, the Director of Fair Trading, is expected to warn the advertising industry against complacency when he makes his appearance before it in his new capacity tomorrow. He has been advertising and views into tightening up trading practices with his criticisms at the Advertising Association's annual conference in May.

Under the threat of legislation, most of the reforms he recommended have been introduced "voluntarily" by the industry's code of advertising practice has been fairly extensively publicized. Special regulations have been brought in for drink and food.

Secretary of State for Prices and Consumer Protection, who was his co-critic at the 1974 conference.

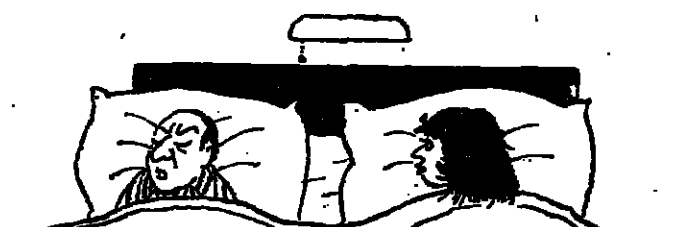
They are not likely to get a reassuring answer. Methven is known to have reservations about the "wholeheartedness" of the reforms. He will no doubt pass on his feelings in his address to the Advertising Association annual general meeting tomorrow.

Having worked closely with him during the intervening period, advertisers at least feel they know how Methven works. The same cannot be said for his successor, since he or she is as yet unnamed. Mrs Williams, whose responsibility is personally to select the OFT's new Director-General, is still wading through nearly 200 applications which advertisements for the £16,000 a year job brought in.

According to the Department of Prices and Consumer Protection a short-list has not yet been drawn up.

Nevertheless, a decision needs to be made fairly soon, for Methven has only two months to go at the OFT before moving on to take up the director generalship of the Confederation of British Industry.

**Chartered**  
As expected the Institution of Heating and Ventilating Engineers has finally been granted a Royal Charter and will now be known as the Chartered Institution of Building Services. It is an event that could well make an impression on the current politicking in the engineering profession.



Hollowood

"Yes, but the management consultants claim that our skeleton staff is grossly overmanned."

As Bernard Hodges, the secretary of the newly founded institution, points out, the latest rules of the Council of Engineering Institutions, the chartered engineers' club—look like excluding it from joining CIBS.

As Hodges reads it there may not be enough chartered building services technologists (their new title) of a sufficiently high academic level to meet CIBS criteria. Yet Hodges reckons that the academic mix in the CIBS is probably the same as in the 15 institutions already in the CIBS.

"Why should all our members have to meet 1974 criteria? We've been applying university 'first' standard since then ourselves anyway", Hodges says.

The CIBS's present members, who rightly have been trying to raise standards over the years, tend to take the view that a line has to be drawn somewhere, even though it might be bad luck on newcomers who do not get under the wire.

much surprise as concerned consultation of reference books when their decisions were announced.

The best British cash-conditioned draught was brewed by the Fifehead Brewery Co of Llanelli, a minnow of the industry and one of 17 entrants, while the best British bottled beer came from the Ann Street Brewery Co in St Helier, Jersey, also no giant.

It was in the competition for the best bottled lager that the results caused the most surprise. If that is your tipple the judges' decision suggests you should emigrate not to Europe or Australia but to Mauritius or Togo. Winner out of 104 entries was the Mauritius Breweries Ltd, the only producer on the island in the Indian Ocean where the head brewer is an exiled Briton, R. S. (Dick) Burgoyne-Johnson. Second was the Brasserie Du Benin S.A.P. of Togo.

Neither brewery was represented in person at yesterday's announcement and telegrams were sent giving the good news. The big European brewers were hardly worried, though. They tend to avoid such competitions unless on the proof of their sales figures to reinforce their belief that they are supplying what the customer wants.

**Pint sized**  
Apart from politics, the easiest way to provoke an argument in a strange pub is to compare the merits of the various brews and to suggest where to go for the "best beer". Yesterday the judges at Brewex 76, the exhibition for the brewing, bottling and soft drinks industry, at Earls Court, caused not so

much surprise as concerned consultation of reference books when their decisions were announced.

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**Bottling enthusiasts** should note that the nautical mile and the knot are among imperial units of measure due to vanish by December 1977, if the metrication programme goes according to schedule. But the fathom remains, at least for the time being—there are no plans to abolish it in the metrication timetable. Fathom that one out.

## Stone-Platt Industries

Leading manufacturers of textile machinery, pumps and valves for the power, oil and water industries, marine engineering and electrical products.

## Further significant increase in sales and profits.

From the 1975 Report

**Sales of £159m were 42% higher than in 1974.**  
**Profit before taxation up by 39%.**  
**Return on capital employed of over 25%.**  
**Exports from the UK at £66.6m represented 66% of UK output. Total sales overseas £125m.**

	1971	1972	1973	1974	1975
Net sales	£60m	£63m	£82m	£111m	£159m
Profit before taxation	£3.6m	£4.7m	£7.0m	£8.0m	£11.1m
Pre-tax earnings per share	10.6p	13.7p	20.4p	24.1p	31.7p
After-tax earnings per share	6.2p	8.9p	11.7p	16.1p	17.8p
Dividend per share (gross)	3.25p	3.40p	3.86p	4.11p	4.52p
Return on capital employed	12.5%	15.8%	19.1%	20.7%	25.5%

For 1975 accounts and illustrated brochure apply to: The Secretary, Stone-Platt Industries Ltd, 25 St James's Street, London SW1A 1HH.







# SCOTTISH PROVIDENT

## Outstanding Results— Strong competitive position

Points from the Statement by the Chairman,  
Mr. M. D. Pentland, C.A.

### Economic situation

The economic situation in the United Kingdom and elsewhere at the end of 1975 was in many respects more encouraging than one year before, but formidable problems remain. It is a time for steady nerves—a time for the Chancellor to pursue policies which may not be immediately popular, but which offer some hope of alleviating our problems and do not pretend to offer solutions at the expense of more intractable unemployment in the future and of still more erosion of the savings of men and women whose reasonable aim is to make provision for themselves and their families and in so doing to assist their country to be prosperous.

### Position of life offices

The life assurance offices are ready, as they always have been, to make funds available to industry for soundly-conceived projects, but we remain conscious that we are in effect the trustees of our policyholders' savings. Our first duty therefore is to ensure that our funds are invested so as to secure the maximum benefit for our policyholders consistent with security, and we are encouraged to note that this obligation is well recognised by the present U.K. Government, as by all its predecessors.

### Occupational pensions

Although the control of inflation is essential to the future wellbeing of our society, we were disappointed when the U.K. Government decided that occupational pension schemes must be brought within the ambit of their counter-inflation measures. Occupational schemes are a major source of long-term savings and the stimulation of such savings is a powerful weapon in the battle against inflation. I would urge the Government at least to modify the restrictions on occupational pension schemes as part of the next stage of their measures to control inflation.

### Increase in bonuses

Last year the depressed level of security values caused the board to make a moderate reduction in the rates of special "claims" bonus payable when certain older life assurance policies become claims by death or maturity. I am glad to say that the improvement in financial conditions generally has enabled us to restore the scale of these special bonuses to the

previous level in respect of such policies becoming claims on or after 1st January 1976. Also, maturity bonuses on currently vesting pensions for the self-employed have been appreciably improved.

### New business again a record

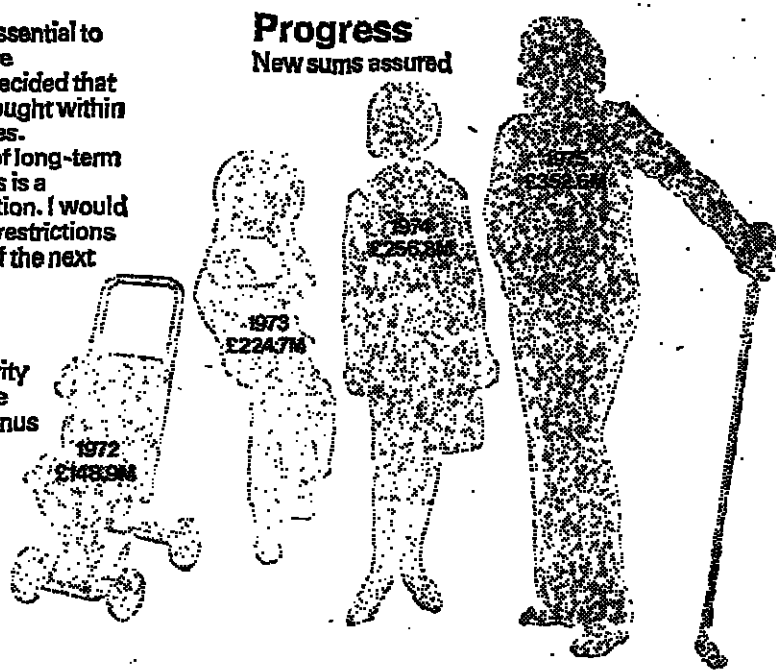
We have become accustomed to announcing record new business figures and 1975 lived up to the best traditions of its predecessors. New annual premiums at £8.8 million represented an increase of 45% over the 1974 figure. New sums assured increased by 37% to over £352 million, and new annuities by 74% to £25.7 million per annum. There was again a reduction in new single premiums—a common experience these days.

### Major growth contributors

Two factors which made a major contribution to these results are firstly, growth in pensions business of all kinds and secondly, a continued strong demand for family income policies, providing a high amount of initial life assurance cover for a relatively low premium—a very necessary contract indeed for those with family responsibilities. Our with-profit pensions for the self-employed continue to find increasing support in the market and we are confident that the increased rates of bonus will still further enhance our strong competitive position.

### Progress

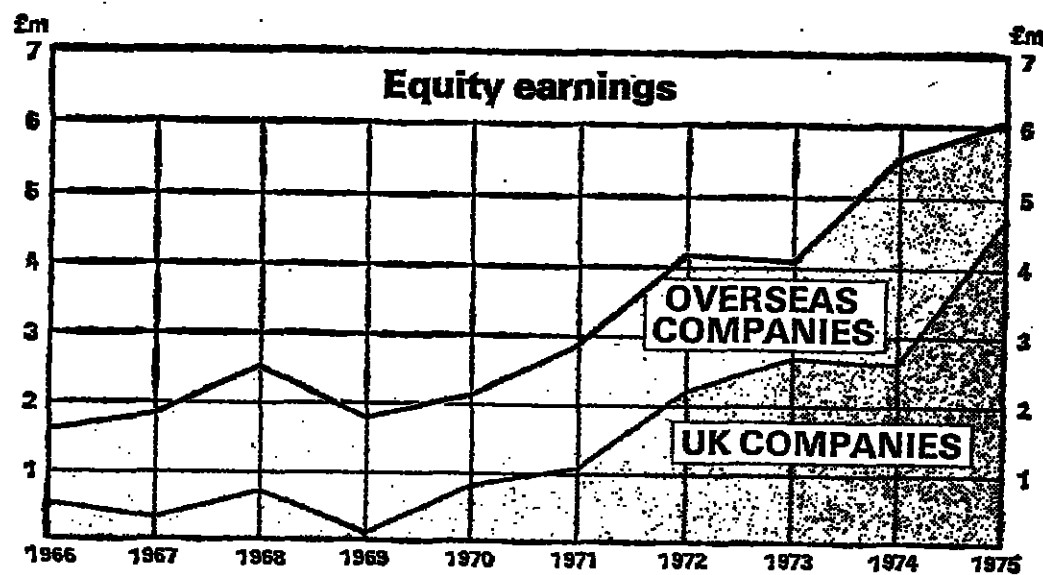
New sums assured



Copies of the Report & Accounts are available on request from the Head Office,  
The Scottish Provident Institution, 6 St. Andrew Square, Edinburgh EH2 2YA

# Booker McConnell

## TEN YEARS' SUSTAINED GROWTH



The Chairman, Sir George Bishop, makes the following points

The spread of Booker McConnell's business both functionally and geographically has served us well in 1975. Profit before tax increased by 16%, in spite of a loss on sugar in Guyana mainly due to the payment of £33m in export levy.

77% of the after-tax profit was earned by the United Kingdom companies, largely because of the excellent results from the engineering companies and a recovery in the Health and Food-Manufacturing Division.

Exports were up to £51m, an increase of no less than 88%.

Discussions with the Government of Guyana for the acquisition of our businesses there began yesterday. The board will make a full statement on the outcome as soon as it can do so.

We now have not only a solid profit base in the United Kingdom but also the experience, financial strength and management skills to continue to develop our trading links overseas.

### Preliminary results for the year 1975

	1975	1974
Profit before taxation	£2000	£2000
	16,132	13,947
Equity earnings	6,074	5,594
earned by UK companies	4,695	2,564
earned by Guyana companies	355	2,406
earned by other overseas companies	1,024	624
Earnings per ordinary share	22.00p	20.64p
Dividends per ordinary share	5.76p	5.40p

Food distribution • Health foods • Overseas shopkeeping • Agriculture • Spirits and liquors • Shipping • Engineering • Artists' services

The report and accounts will be published on 14 April.  
Copies may be obtained from the Secretary, Booker McConnell Limited, Bucklersbury House, London EC4N 8EJ

# 'Coral' language evaluation in US

## Computer news

The Coral 66 high-level computer language, adopted by the Ministry of Defence for "real-time" applications and also used in industry, is being evaluated by the United States Department of Defence.

On Friday last, on the occasion of a visit by the Queen to the Royal Signals and Radar Establishment, Malvern, the availability of the language on the Advanced Research Projects Agency network (Arpanet) in the United States was signalled by a message sent by the Queen from the QEC 4080 computer at the establishment.

The RSRE computer is connected into the ARPA network via a "gateway" computer, a PDP 9, at University College London. Software for this connection was written at the Department of Physics at Warwick University and at the Royal Signals and Radar Establishment.

This software provides multi-access facilities, suitable for use of high-level computer languages. Several Arpanet users can use the computer simultaneously, with local users and external users connected via a direct telephone line.

Implementation of the ARPA network began in 1969 as a United States Department of Defence operation. It is designed to enable different types of computers at various research centres to be interconnected, and uses the message-switching technique.

Its objectives are to permit resource sharing (of data and programs) between points on the network; develop reliable and economic digital communications; and make possible broad access to unique and powerful facilities which may be economic only when widely shared.

### GE network expands

General Electric (USA) has decided to expand its international computer timesharing service, known as Mark 3 net-

work information service, with the addition of a third main computer centre in Amsterdam in The Netherlands.

In the United Kingdom, the service is marketed by Honeywell Information Systems. The new European centre will be equipped with three Honeywell 6800 computers; similar equipment (of GE origin) are installed in the two existing centres in Cleveland, Ohio and Rockville, Maryland.

The new centre should come into operation early in 1977. It will represent an investment of about \$17m (about £8.5m).

Mr Steve Jarrett, managing director of Honeywell Information Systems in the United Kingdom and corporate vice-president responsible for Honeywell's network information service, said that the new centre would not be dedicated to serving European customers alone. It would provide power also back to the United States and to other countries in the network.

### On-line 2903

A software package designed to enable users of ICL 2903 small computers to operate on-line via remote terminals has been introduced by Computer Analysts & Programmers (CAP), London.

Known as TP-2903, the package is intended for users who wish to obtain the benefits of on-line systems without the practical problems which otherwise would have to be faced.

A range of options is offered, from a basic system to a full package with development tools for the customer's programs. The programs the customer writes to run under TP-2903 are simple batch programs in the Cobol language.



Switch to profits: London University Computing Services, which lost £248,000 in 1975-76, showed a net profit of £45,000 in 1974-75. Mr Graham Harcourt, appointed managing director in August, 1974, and seen above (left) with Mr Peter Parker, LUCS chairman, has since concentrated on the technical and scientific types of bureau service for which the company's CDC 6500 computer is well-suited. Marketing effort has been aimed at increasing the number of remote-batch and teletype-user customers; developing expertise in statistical survey analysis and project control; and in transport planning and civil engineering.

Minimum "typical" and maximum purchase prices are quoted by CAP as £2,850, about £5,000 and £7,500 respectively.

### Energy-saving suite

A suite of computer programs enabling a more precise analysis to be made of heating and cooling loads in the design of buildings, with consequent energy saving through reduced margins, has been introduced by Atkins Computing Services, Epsom, Surrey.

Known as Atkol, the programs were launched by the

company at last week's CAD '76 computer-aided design conference and exhibition at Imperial College, London.

Heating and air-conditioning plant in modern buildings can account for 25 per cent of the total building cost, Atkins point out. Thus significant savings can be made if plant costs can be optimized.

The Atkol system is claimed to be one of the most advanced available systems in the field of energy analysis.

Kenneth Owen

## Business appointments

# Mr G H Kenyon becomes chairman of Tootal

Mr G. H. Kenyon, deputy chairman, has been made chairman of Tootal and Mr R. F. Audley becomes managing director. Mr A. M. B. Kiroop has resigned as chairman and chief executive, and as a director, for personal reasons.

Mr H. B. Smith has resigned from and Mr M. C. Buckley has been appointed to the board of George Doland.

Mr David Meller is to be made managing director of power and process engineering group of Babcock & Wilcox following the retirement of Mr Christopher Duncan. Mr Robin

Withers becomes financial director.

Mr J. W. Todd, chief executive and general manager of Stone-Flatt Electrical's British subsidiary, has been appointed manufacturing director at divisional headquarters. He remains on the board of Stone-Flatt Crawley as chief executive.

Mr T. C. Leader, managing director of power and process engineering group of Babcock & Wilcox, has resigned from the board of Babcock & Wilcox. Mr R. Carter becomes director of Babcock & Wilcox (Operations), succeeding Mr Ryder.

group, is to be chairman of Babcock & Wilcox (Operations). He remains chairman of Woodall-Duckham.

Mr R. Graham Harcourt becomes managing director of Babcock & Wilcox (Operations). Mr W. J. Ryder has been appointed managing director of Woodall-Duckham, succeeding Mr Dean. Mr M. J. Nightingale has been made director of administration and finance of Babcock & Wilcox (Operations). He remains deputy managing director of Woodall-Duckham. Mr J. A. Carter becomes director of Babcock & Wilcox (Operations), succeeding Mr Ryder.

Mr Gordon Eccleston, managing director of Conveyancer (Nigeria) is to become managing director of Conveyancer (Kenya), the Australian subsidiary of Robbery Owen Conveyancer. He is succeeded in Nigeria by Mr R. A. Dykes.

Mr Thos. L. Barnes, deputy managing director of LAP Advertising, has been elected deputy chairman of the Audit Bureau of Circulations.

Mr Roy Dexter has been elected a non-executive director of James Austin Steel Holdings.

Mr A. L. Buchanan, comptroller of Decca Radar, has been appointed to the board.

# UNION CORPORATION LTD.

The Chairman, Mr. E. Pavitt,  
reports to shareholders

Against a background of high inflation and lower metal prices, the consolidated profit after taxation of R34,864,000 represents a reasonably satisfactory result when compared with the 1974 record figure. In particular dividend income was only 3 per cent lower and in view of this the Board declared unchanged dividends of 42 cents per share.

### GOLD

The rapid rate of increase in the gold price between 1972 and 1974 could not be maintained and in 1975 a series of events contributed to a fall. The uncertainty surrounding the sale of IMF gold and the consequent depressing effect on the price is likely to continue until the first few auctions have been held and it has been possible to gauge the full effect of the sales. In the last few years considerable improvements have been made in wages and salaries of skilled and unskilled workers on the mines. These are reflected in substantially increased operating costs but have not resulted in any material increase in productivity. We hope that in time a higher proportion of local recruits will provide a permanent and more efficient work force and a nucleus of trained black workers. However, this calls for a higher level of education and technical training than exists at present.

### PLATINUM

The reduced level of industrial demand for platinum group metals during 1975 resulted in lower sales by Impala Platinum and also lower prices. Impala has now completed its major capital expenditure programme and, in spite of continuing difficult market conditions, we can reasonably expect it to be able to improve dividend distributions in 1976 while at the same time reducing its borrowings at a satisfactory rate.

### NEW BUSINESS

A decision in principle was made to proceed with the Richards Bay heavy minerals project, a beach sand mining and conversion operation (in which the Corporation has a 30 per cent interest) at an estimated cost, allowing for inflation, of R250,000,000. Loans amounting to some R150,000,000 are presently being negotiated. In addition to being responsible (in conjunction with its partners) for the satisfactory development of the project, the Corporation's commitment to this venture will be some R30,000,000 spread over three years: it is our present intention to finance this business from our own resources augmented if necessary by loans.

### EXPLORATION AND NEW MINING VENTURES

The investigation and evaluation of mining prospects is a lengthy and expensive process particularly if the ore body is at depth. Expenditure was almost twice as much last year as the previous highest appropriation and is likely to continue to be heavy during 1976. The bulk has been in South Africa, much of it in connection with areas we are still investigating for gold and uranium—being extensions to known areas or ones which have previously been partly explored but could not profitably be turned to account at the time.

### INDUSTRY AND PROPERTY

Dividends from our South African industrial investments (stemming largely from profits earned in 1974) were second only to those from gold. 1975 proved a difficult trading year but profits were maintained and income from this source should be no lower in 1976.

A general drop in property values in the United Kingdom resulted in a fall in the net asset value of Capital & Counties Property Company and created a need to renegotiate certain borrowing arrangements. The Corporation, which owns 24 per cent of Capital & Counties, agreed to guarantee up to £5,000,000 of a payment due in October 1976.

### OUTLOOK

Our present assessment is that dividend income will be at a lower level in 1976, with gold mining payments probably lower, those from industrial investments largely unchanged and receipts from platinum showing a worthwhile improvement. However an early recovery in the price of gold to around \$160 per ounce would change this outlook materially for the better.

South Africa is a major supplier of raw materials and is feeling the full effects of the overseas recession. Indications are that the United States economy is recovering. With Europe and Japan expected to follow this injects a note of optimism into our thinking but it is impossible to predict when the effects of a recovery in world trade will benefit the South African economy and ourselves.

### GENERAL

In 1975 the Corporation returned to normal after the unsettling period of merger and takeover attempts which culminated in General Mining and Finance Corporation acquiring a 29.9 per cent interest in the Corporation. This association has provided the benefits of a mutual exchange of ideas and a broader approach to areas of common interest.

### FIVE YEAR RECORD

	Profit after tax Rands	Dividends per share Cents
1971	14,618,000	13
1972	20,954,000	17
1973	27,813,000	24
1974	38,747,000	42
1975	34,864,000	42

### ANALYSIS OF INVESTMENTS—%

Mining-Gold 45.75	Platinum 16.23
Other Metals and Minerals 6.70	Industrial/Manufacturing 13.55
Financial/Investment 14.85	Property/Other 2.88

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Copies of the Annual Report and Chairman's Statement are available from the London Secretaries, Union Corporation (U.K.) Limited, 95 Gresham Street, London, EC2V 7BS.

Union  
Corporation  
Group





## FINANCIAL NEWS AND MARKET REPORTS

## Stock markets

## Second leg finds index closing at worst

Political and currency doubts continued to keep investors to the sidelines and the market closed just as it had opened—under a cloud.

Gloomy predictions from the Cambridge Economic Policy Group at the weekend coupled with lower bank lending figures found dealers marking prices down sharply in the morning.

Thereafter the underlying strength of the market seemed to show through with equities in most sectors showing signs of recovery. However, this minor revival ran out of steam towards the close and the FT index finished at its worst for the day, four points down at 1064.

Bargains marked were just over 6,000 and jobs in all sectors found themselves with time on their hands.

Features were few and far between and most equities drifted aimlessly though generally below yesterday's closing levels on lack of interest.

Leaders to close off included CI down 4p at 35p, Fisons down 2p at 36p, Beecham off 1p at 35p and Glaxo down 2p at 37p. Courtauld also closed off at 147p though GKN struggled against the trend to finish 1p up at 34p.

Tabcorp & Wilcox shares rose 1p to 51p as buyers guessed that the bottom marker will soon report 1975 profits of around £12m against rights issue rejection of £13m. This seems likely if Tabcorp takes in currency gains, and an odd 500,000 from newcomer American Chemical Co. But some observers are put off by the 3.6 per cent yield, and the limited Kingdom outlook for oilers.

Government stocks rebounded from an initially weak start. The 10-year gilt edged up from 106.5 to 106.75, while the 10-year gilt edged up from 106.5 to 106.75. The 10-year gilt edged up from 106.5 to 106.75. The 10-year gilt edged up from 106.5 to 106.75.

At the same time, the announcement of Friday's new

"tap" issue was still a bearish influence. However, to the surprise of many jobbers, buyers began to materialize in the market, giving prices a firm upward nudge.

By the close of trading, shorted stocks were showing net gains of 1 to 1 1/2 points after an all-day being down by an 1 1/2 point. Long-dated stocks recovered early losses of an 1 1/2 to 1 point, to close largely unchanged on the day.

The decline in the quarterly bank lending figures had banks and insurers leading the market reversal in many cases. In banks National Westminster fell 7p to 235p, Midland dropped 4p to 273p, while Barclays fell 5p to 288p. Lloyds shed 2p to close at 220p. However, Standard Chartered still banking in lights success climbed 3p to 390p.

Insurances generally fared worse. Commercial Union gave up 4p to end the day at 135p, General Accident fell 5p to 176p and Royal Insurance shed 2p to close at 320p. Eagle Star just 4p to finish at 136p and Britannic fell back 6p to 148p.

In a mixed oil sector BP went ahead strongly on investment interest at one stage, but a 5p gain at one point was later converted to only 2p. The shares closed at 613p. Elsewhere Barmah gave up 2p to close at 36p while Shell shed 2p to 410p and Ultramar dropped a full 6p to end at 156p. Royal Dutch, however, managed a £1 rise to £37 3/4 and Berry Wiggins put on 2p to 47p.

Ministerial talks on shipbuilding failed to produce much speculative interest, and the underlying trend was reasonably firm. Ocean Transport climbed 2p to 135 1/2p, and a similar amount was surrendered by Huntingdon at 160p.

Sumner of a rights issue from Lucas sent the shares sharply back at one stage but they recovered well to close only 2p down at 25p. Company

news sent Booker McConnell ahead by 12p to 140p but Newman Tonks dropped 6p to 40p on the interim setback.

Threatened liquidation of the West German group half-owned by UBS sent the store's shares down 4p to 83p and the price declined further in after-hours trading.

British Vending are now 5p. The situation here is that Nestlé, the Swiss based international food group has just under 30 per cent of the shares, or within a whisker of the need to make a full bid, and the chairman Mr John Sykes nearly 19 per cent.

To gossip that he might retire soon, the chairman says: "There is nothing in this, my health is excellent, and we are looking for acquisitions ourselves."

Elsewhere in stores Boots gave up 1p to close at 135p and Marks and Spencer fell a penny to 94p. Mothercare, however, climbed 2p to 188p on week-end press mention.

The lower bullion price was reflected in easier gold shares. With East Driefontein shedding a sixteenth to 27 1/2, and Kloof and Val Reef both shedding 1 1/2 to close at £4 1/2 and £1 1/2 respectively.

Two shares in demand on speculation about forthcoming results were Brent Chemicals, up 4p to 109p, and Babcock up 3p to 84p.

Stanwood Radio advanced 3p

to 12p following the agreed bid from Thorn Electric as speculators gambled on a counterbid, possibly from Electronic Rentals.

Brewers were a weak feature as a result of disappointing production figures. As cheap buyers and closers kept losses to a minimum in most cases, Allied showed a net loss of just 1p at 65p while Guinness and Grant Metropolitan both shaded down a penny to 129p and 74p respectively.

Traditional budget fears sent Distillers down 2p to 148p while a similar amount was lost by Highland at 108p.

Weed and press comment headed Amber Day up 3p to 27p, and Development Securities up 1p to 65p.

In mines Southern Kinta slumped 15p to 76p on news of the closedown of its Thailand operations.

Properties were a neglected market with prices tending easier in several cases. Land Securities shed 1p to 175p, Capital and Counties dropped back 4p to 141p and Towns and Commercial gave up a similar amount to close at 71p.

Equity turnover on March 26 was £29.25m (17,162 bargains) or 0.38 per cent of the market. Exchange Telegraph active stocks yesterday were ICI, Shell, BP, Barclays, Fisons, New, Bowater, B&T, De La Rue, Lucas, Burmah, and others.

Dividends declared increased by 10 cents to 260 cents a share and absorbed £57,075,000 compared with £54,880,000 in 1975.

The net asset value of each Anglo share at 31st December 1975 was 362p cents a share compared with 583p cents at the end of 1974. By 12th March 1976, when the market value of listed investments had increased to £814.4 million, net asset value per share was 3,810 cents.

We were glad to be able to take advantage of several major opportunities for attractive new investments totalling £37,430,000 during the year. By way of rights issues, underwriting commitments, and on occasion purchases in the market, we acquired interests of 19.2 per cent in Free State Soapworks Gold Mining Company Ltd., 8.6 per cent in Deekraal and 20.8 per cent in Elandsrand Gold Mining Company Ltd. We increased our interest in the Afrikaanse Leasing Limited to 15.1 per cent and contributed further sums in respect of our 20 per cent interest in Riden Investments Limited, which is to be renamed East Rand Gold & Uranium Company Limited (ERGO). The Group should have further attractive investment opportunities in due course both in these companies and in other ventures.

In addition, Anglo has made its first two investments in gold mining outside South Africa. Through Anglo American Corporation do Brasil Limitada (Ambras), in a further gold activities we hold a 20 per cent participation, a 9.8 per cent indirect interest has been acquired in Mineracao Morro Velho S.A., an old-established mining company.

We have contributed our share of development expenditure at the Blue Spec gold mine in Western Australia, in which Anglo has a 20 per cent interest. The mine is approximately 14 per cent through its 20 per cent holding in Magma Mines Proprietary Limited.

After four years of accelerating, if at times volatile, gains to new heights, the price of gold slipped with growing rapidity to lower levels during 1975 and, at approximately 52 1/2 per ounce on 31st December, was 25 per cent below the \$187 ruling at the end of 1974.

Towards the end of January 1976 the price fell below \$130, although it soon recovered to just above \$130 at which price it has been steady for the past month. The present bout of uncertainty has caused a degree of new belief by close observers of the international monetary scene, not only in South Africa but even more so abroad, that the understanding on the sale of gold finally reached in Kingston, Jamaica, in early January of this year, and more positive than negative implications for the metals future.

It can be argued that these decisions in Jamaica not only entrench the present in convertible dollar standard and the lack of a balance of payments adjustment process, but weaken whatever resolve to decide the metal has remained by expanding credit facilities in a world already awash with dollars, and with the instability threatening from future U.S. payment deficits and the potential credit multiplier of the euro-currency markets.

It is obviously not in the interest of the Fund, central banks in general and the third world in particular to depress the price of gold. Coupled with the emphasis on the need to manage the new held by intervention procedures for managing the floating exchange rate regime, and the hope expressed in some quarters for an eventual return to a par value system, this implies a continuing—if not enhanced role for gold as a reserve asset, even though it will no longer be the centre of the monetary universe. Furthermore, it should be remembered that the arrangements regarding gold may be continued, modified or terminated after the initial two-year period.

It is clear that monetary gold is to be freed from the constraints to which it has been subject since the so-called Washington Agreement of March 1968, and that it is reasonable to suppose, given the international economic and inflationary situation that the impetus for its freer usage must grow.

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There can be no doubt that it was the relative strength of the various influences on the demand for gold during 1975, rather than the current or expected supply, which was the major determinant of the price. The lesson is surely that disappointment over the failure of gold to achieve ever-continuing price increases, in an environment which temporarily favours investment in other assets, is taking its toll in terms of disillusionment. In the present fluid situation it would be unrealistic to ignore the factors, particularly the proposed first auction of IMF gold, that must tend to set a ceiling to the price; and participants in the Kingston agreement might well find it in their longer term interests not to attempt to disturb these processes in the short term. But there is little reason to doubt that

the current year has started reasonably well at Westinghouse Brake & Signal. Mr L. Thompson, chairman, told the annual meeting that the group has a big order book.

He is confident that this year will show an improvement over 1975, but there are two major uncertainties ahead. One is the timing of orders in Asia, which where the change in Government has led to delays.

The other concerns the level of the phasing out of British Rail's capital investment programme.

Westinghouse low committal

Troubled door manufacturer Leaderflush, which was given a boost by new management last June, is on the boil again. The group is holding an extraordinary general meeting on June 27 for a radical alteration to the board.

The chairman, Mr Geoffrey Simon, and sales director Mr David Sawyer, and Mr W. R. Stawley, another director, are subject of resolutions that they be removed from the board, and replaced by a Mr Bremner and a Mr Lawrence. There is understood to be "disagreement" over policies.

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## Anglo American Gold Investment Company Limited

(Incorporated in the Republic of South Africa)

Extracts from the review by the Chairman Mr. J. Oglvie Thompson

## 'Amgold's wide spread of interests gives both stability and the prospect of growth'

Earnings of the group which had risen by 61 per cent in 1973 and 75 per cent in 1974, grew by a further 12.6 per cent in the first half of 1975. However, because of the continued rise in costs in the gold mining industry and the lower gold prices, dividends received in the second half of 1975 were lower. The group's consolidated earnings of £74,680,000 were £615,000 less than the earnings of £75,295,000 in 1974.

The average gold price in 1975 was US\$161.20 a fine ounce, a slight improvement over the 1974 average of US\$159.50. As a result of changes in exchange rates, particularly the 17.9 per cent devaluation of the rand on 22nd September, 1975, the average price received by the gold mines was R3 556 a kilogram compared with R3 405 in 1974. This increase was more than offset by higher costs per ton milled, a slightly reduced tonnage and the lower grade of ore mined, so that total dividends declared by the South African gold mining industry in 1975 were slightly below those of 1974.

Against this trend the investment income of Amgold increased by almost R2 million to a record R74,284,000. Interest earned was R636,000 higher at R2,679,000 and commission of R559,000 was earned but expenses, including interest paid and management charges, rose by R1,597,000 to R2,836,000.

Dividends declared increased by 10 cents to 260 cents a share and absorbed R57,075,000 compared with R54,880,000 in 1975.

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there will be a revival in the medium term. Prospects for world recovery are considered good—which is favourable for fabrication demand—but the higher inflation base from which it is proceeding and the current release into exchange rate instability in Western Europe must restrict the trend towards prudent diversification of investment portfolios. The broadening of gold ownership through the coin market, although a factor which could give rise to fluctuations in the short term, is fundamentally of growing importance in an uncertain world. Furthermore, the disparity in relative gold holdings among central banks, especially those in the oil exporting countries, in a context affecting gold acquisition by monetary authorities which will be different from that in the past, must also be borne in mind: indeed there is continued evidence of the value of official gold holdings as a means of acquiring foreign currencies which the recent gold swap arrangements announced by the South African Reserve Bank on 17th March 1976 amply demonstrate. For all these reasons I have every confidence that the present depressed mood will pass, and that the future of gold is well assured.

The Industry's Position

It is useful, I think, to examine the industry's position today in the light of the dramatic developments in the first half of this decade. I refer in particular to the unprecedented rise in the gold price, which has resulted in a progressive lowering of the recovery grade to prolong the life of the mines. This, in addition to the natural fall in grade expected from older mines, has led to a significant reduction in gold output from 1,000 tons in 1970 to 708 tons in 1975, during which period tonnage milled remained remarkably constant at around 744 million tons. Working costs over the same period have more than doubled, from R7.31 to R16.71 a ton milled, compared with a rise of only 38 pence for the whole of the previous decade. The rapid escalation of costs, the consequence of deliberate policy decisions taken within the industry—notably the increase in Black wages from an average of 65 cents a shift in the first quarter of 1970 to the current level of 342 cents—and the failure to participate in research programmes to develop new targets for gold exploration, a number of which will be investigated further.

Drilling continued on several low-grade gold properties close to existing

Features of the consolidated accounts

1975 R 1974 R 1973 R

Capital and reserves ..... 157 523 000 139 918 000 119 503 000

Investments

Listed

Book value ..... 140 554 000 106 793 000 104 198 000

Market value ..... 774 530 000 1 241 567 000 866 818 000

Unlisted

Book value ..... 508 000 508 000 508 000

Directors' valuation ..... 5 633 000 6 193 000 5

Earnings ..... 74 680 000 75 295 000 42 996 000

per share ..... 340 cents 343 cents 196 cents

Dividends ..... 57 075 000 54 880 000 31 831 000

per share ..... 260 cents 230 cents 145 cents

Number of shares in issue ..... 21 952 012 21 952 012 21 952 012

Net asset value per share ..... 3 629 cents 5 833 cents 4 018 cents

\*Includes unlisted investments at book cost in 1975

†Not available

tion of the rand. We cannot assume that this disturbing trend will be reversed in the near term by a return to the high gold prices of a few months ago. Hence, while retaining confidence in the medium-term future of gold, I believe that it is essential for the industry to take strong measures to maintain its prosperity in the years ahead. Most of these will be aimed at the maximisation of productivity.

I have referred to the increases in Black wages. These have had the intended effect of enhancing the relative attraction of gold mining compared with other avenues of employment. The industry has also introduced a system of bonuses payable to men who return to the same mines after being laid off pending completion of their contracts. It is important to extend the career path for Black employees, and the necessary training programmes are being introduced. All these developments are tending to encourage Black workers to think in terms of careers in mining rather than simply of working isolated contracts. A further factor of great potential importance concerns family housing for mineworkers. Following discussions between the industry and Government, we have been advised that new arrangements are being made to permit married Black employees from South Africa, including the homelands, to be housed with their families in local residential areas where these are reasonably close to the mines.

The more stable, better trained and more productive the industry's labour force becomes, the more important it will be to maintain sound relations with the unions. The future health of the industry and, therefore, the long-term interests of the unionised employees themselves—depends on the willingness of all parties to initiate and accept change. The need to change work practices in order to use labour more effectively has been recognised in terms of the agreement in principle that the mines will change from a six-day to a five-day working week in 1976, though negotiations have yet to be finally concluded. I sincerely hope that the terms of the various agreements will allow sufficient flexibility for management and employees to co-operate in raising productivity, so that any loss in production caused by the five-day week will be temporary only. I should also mention another important development in the industry in its attempt to maximise profits, mainly the growing trend towards the consolidation and increase in size of mining operations so that substantial economies of scale can be achieved.

Australia: Amgold participates in gold prospecting in this part of the world through Australian Anglo American Searches Limited.

Conclusion

It will be apparent that we are confident in the future of gold and uranium and of the industry as a whole. It is tackling its problems with vigour and imagination. Amgold, through its major investments in most of South Africa's leading gold and uranium producers, and through its participation in a number of interesting developing companies and in prospecting campaigns in Southern Africa and elsewhere, has a wide spread of interests which give both stability and the prospect of growth. More specifically, the current price of gold at around \$130 converts at the present dollar-exchange rate into R3 634 a kilogram, which is much the same as the mines received in 1975. Costs will undoubtedly rise further, but just as mining grades have been lowered over the past few years in response to rising gold prices, so also could consideration be given to raising grades temporarily if costs were to rise much faster than the selling price. Moreover, owing to labour shortages the tonnage milled was below capacity in 1975 so that with improved labour availability there is scope for increased production. While capital expenditure is also likely to be higher in response to the new opportunities on the mines, we can look forward to very satisfactory dividend income.

The annual report and Chairman's review may be obtained from the London office at 40 Holborn Viaduct, EC1P 1AJ or from the transfer secretaries, Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EP.

The annual general meeting of members will be held at 44 Main Street, Johannesburg, on Tuesday, 20th April, 1976, at 1200h.

## Value of H C Janes to Barratt Devels

By Margaret Walters

An extremely strong forward sales position over the remainder of the year is highlighted by housebuilder Barratt Developments in its interim report to shareholders.

Sales for the first six trading months to the end of December doubled from £16.6m to £33.3m and pre-tax profits were £4.25m as against £2.6m.

But this included maiden contributions of £7.7m to turnover and £1.2m to profits from re-

cently acquired housebuilder H. C. Janes. Profits from land sales were well down on last year's level, at just £24,000 as against £470,000.

The chairman refers to "a substantial increase in the number of houses completed and sold over the corresponding period last year".

The group considers the results "very satisfactory" and they are attributed to a combination of increased market penetration

## Late Rotaflex upturn

By Adrienne Gleeson

Although profits of Rotaflex, the light fittings and sanitary and shower-appliance manufacturers, were down in 1975 for the second year running at £638,000 pre-tax (against £791,000), the directors have increased the dividend by the maximum permissible, to 12 1/2 p a share.

Compared with the first quarter of last year, when demand was very depressed, the chairman, Mr M. J. B. Fry, reports a notable improvement in current trading, particularly in Europe. If this trend continues

he has "every expectation that 1976 will bring a significant improvement in results over those achieved last year".

Almost all of last year's downturn was concentrated in the first half, when pre-tax profits dropped by £146,000. The second half benefited from a distinct upturn in demand in the final three months, which affected both the light-fitting and the shower-appliance divisions.

An increase in demand from £92,000 to £111,000 helped to an improved performance over the year as a whole in the French and Australian subsidiaries.



# GALLAHER 1975

## Statement by the chairman, Mr Hume Stewart-Moore



Mr Hume Stewart-Moore, Chairman Gallaher Ltd.

Before reviewing the progress and performance of the Gallaher Group in 1975, I would first like to pay tribute to my predecessor, Mark Norman, who retired on 23rd April, 1975, having been a Director since 1948 and Chairman since 1963. We owe him much for his wise leadership during a long period which saw many great changes.

### Trading Results

The domestic tobacco division still accounts for the major part of our turnover and profits, but the increase in tobacco duty of 36% in April, 1975, which followed the 33% increase in April, 1974, restricted the profits of the division to approximately the same level as last year. In these circumstances the performance of the Group in achieving an increase of 9% in net income must be considered reasonably satisfactory. This was made possible by the contributions of the businesses acquired and built up over the last few years, all of which increased their profits in 1975. But in order to achieve anything like satisfactory results in 1976, real economies will have to be made, as well as increases in turnover, especially in the domestic tobacco business.

We have to recognise, moreover, that an increase of 9% in net profit bears little comparison with a national inflation rate of well over 20%. It means that we are not generating nearly enough resources to meet the demands for additional working capital that can be expected when trade at home and overseas improves, and until this happens the growth of our businesses and the creation of new jobs will be severely restricted.

### SUMMARY OF RESULTS 1975

Group Sales	£932,380,000
Profit before Tax	£36,442,000
Tax	£18,582,000
Ordinary Dividends	£3,718,000
Profit retained	£12,380,000
Net Assets	£250,585,000

### Tobacco - domestic

Our cigarette sales were down by 9%, but in a declining market the KENSITAS range improved its share and SILK CUT maintained its dominant position in the "Mild" sector. In the "King Size" sector BENSON & HEDGES SPECIAL FILTER continued to outsell all other brands combined.

The home-manufactured cigar market increased, with HAMLET maintaining strong progress. BENSON & HEDGES SPECIAL PANATELLAS and SMALL CIGARS and SENATOR also did well.

The pipe tobacco market declined overall but our own brands, particularly BENSON & HEDGES MELLOW VIRGINIA and CONDOR again increased their market share, as did OLD HOLBORN in the hand rolling sector.

### Tobacco - overseas

In November, 1975, the Netherlands Government published its first set of tobacco tables showing NIEMEYER'S ROXY DUAL FILTER, EVEREST and KELLY to be the leading low tar brands. Low tar sales accelerated and NIEMEYER'S brands have gained a significant share of the total market. NIEMEYER also did well in the pipe and hand rolling tobacco markets.

57% of RITMEESTER cigar production is exported from the Netherlands and RITMEESTER had an increased share of the United Kingdom cigar market in 1975. In the Netherlands there was progress in both volume and market share by the year end.

Export of our United Kingdom brands of cigarettes, cigars and tobacco showed an encouraging increase, particularly SILK CUT and OLD HOLBORN, and in the Irish Republic GALLAHER (DUBLIN) achieved major gains in all sectors of the market.

### Engineering

Despite recession at home and overseas, the MONO PUMPS and SAUNDERS VALVE businesses had a very satisfactory year and showed further improvement in sales and profits. Export figures showed substantial increases and new overseas markets and enterprises are constantly being investigated and developed.

### Optical

While 1974 had been a year of consolidation for the DOLLOND & AITCHISON GROUP, results in 1975 were very encouraging, with increases in both turnover and profit. Towards the end of the year, our overseas optical interests began to reflect the benefits of organisation and expansion, and all concerned, both at home and overseas, must be congratulated on their excellent performance.

### Distribution

FORBUOYS, with its chain of confectionery, tobacco and newsagents shops, carried out a programme of branch rationalisation during the year and achieved excellent results despite rapidly escalating costs.

At the beginning of 1975, WARRINER & MASON acquired 21 additional "Cash and

Carry" and five "Delivered Trade" depots. Profit performance was less than anticipated, being hampered by the need to re-organise the new branches and by sluggish demand, and keen price competition. However, the "Cash and Carry" depots of TOBACCO SALES in Northern Ireland continued to produce good results.

### People

The Group's performance in 1975 in all Divisions reflects great credit on each and all of our 28,000 people at home and overseas. I take this opportunity, in my first year as Chairman, of expressing my appreciation of the great efforts that were made, and I look forward to continued success and all-round progress again in 1976, with increasing participation by all our people.

There have been other changes in the Board. On 31st January, 1976, Hilary Glynn, who joined the Board in 1962, relinquished his appointment as Joint Managing Director on retirement. He had served the Company for nearly 39 years and his considerable experience and knowledge, particularly of the tobacco industry, provide a challenge to those who follow him. Mark Mansell retired at the end of 1975 and we are grateful for all he has done, particularly in our distributive businesses.

We welcome to the Board, Graeme Buckingham and Christopher Morgan, who became Executive Directors on 23rd April, 1975. As senior managers they both made outstanding contributions to the Company.

### Outlook

For many years to come the Group will be dependent on profits from its tobacco operations. The United Kingdom is by far our most important market and we will do well to hold our share here in the face of increasing competition from overseas and from the E.E.C. On the other hand, we have already shown our ability to compete, both in the Republic of Ireland and in the Netherlands, where we now have successful manufacturing companies, and also in the direct export market, where we are making good progress. In 1975, increases in these areas went some way to making up the loss of sales on a home market restricted by heavy duty increases as well as warnings from the health authorities. Certainly in future we will be looking at our total sales of tobacco products and not only at sales in the United Kingdom.

Our non-tobacco businesses are all in the hands of able and dedicated management. They are operating in areas where we can expect to see real growth, and we shall encourage them to continue their expansion and to search for new fields for their products and services.

### SUMMARY OF ACTIVITIES

	£000s			
	Sales		Profit	
	1975	1974	1975	1974
Tobacco-Domestic	654,260	538,287	28,514	28,262
Tobacco-Overseas	88,839	65,583	2,964	1,322
Engineering	44,084	35,001	5,537	5,023
Optical and associated activities	24,059	16,264	4,277	2,807
Distribution	121,138	88,909	2,590	1,930
	932,380	724,044	43,882	39,344

The divisional figures for sales and profits in respect of Tobacco-Domestic and Distribution for 1974 have been reclassified. The 1974 figures include only nine months results in Tobacco-Overseas for Theodoris Niemeyer B.V., and in Distribution for Forbuoys Limited.

## FINANCIAL NEWS AND MARKET REPORTS

### Rolls chief on need to reward capital

Spelling out the need to produce a good return to investors if new money is to be raised, Mr Ian Fraser, chairman of Rolls-Royce Motor Holdings, says that so far the "social contract" between shareholder-proprietors and employees has clearly helped employees. However, British industry cannot always continue along these lines as this would invite a "strike" by the pension funds, insurance companies and other institutions who provide the money. The board is pressing ahead with its "anti-cyclical" investment programme confident that by the time it is completed the market will be able to take the company's extra production. Car sales so far this year are "adequate" and prospects in the industry are improving.

### Jas Fisher down 17 pc after late setback

Having pushed its pre-tax profits up from £596,000 to £622,000 at half time, James Fisher & Sons, the shipowners, ended 1975 with only £647,500. This went against a record £781,000. Turnover rose from £5.13m to £5.42m, so margins were only 10 per cent, against 15 per cent. Even so the dividend rose from 3.52p gross to 3.81p. Earnings a share were 15.64p, against 18.37p. At the half-way stage the board warned shareholders that the recession might hurt the second half year.

### No Burgess payout

Losses deepened in the six months to January 31 at Burgess products (Holdings) from £27,000 to £134,000. Turnover rose from £5.8m to £7.7m. The group is not paying an interim dividend, after 146p gross last year. The board of this acoustical and electrical engineer and manufacturer blames losses on fixed-price contracts. Although inflation and the recession con-

tribute to affect the group there are signs of an improvement in some companies.

Over the whole of last year pre-tax profits fell from £453,000 to £193,000.

### Rights successes

Three more rights issue successes have been announced, this time from Crown House, External Investment Trust and James H. Denslow. Crown House had acceptances on 4.45 million shares and the balance of 489,000 has been disposed of in the usual way. External Investment had acceptances of £1.26m out of the £1.43m of loan stock offered. James H. Denslow says that 83.88 per cent of the rights issue was taken up.

### Bid for Wm Reed

For £92,000 (33p a share) the Birmingham and Midlands Counties Trust has purchased 280,000 shares in the William Reed & Sons man-made fibres

group. This takes the group's holding to 41.54 per cent and a general offer to other shareholders at 33p cash a share will follow. This puts a total price tag on William Reed of about £792,000.

For its part the William Reed board advises shareholders to take no action at this stage.

### E. C. Cases down 58 pc

On a turnover up from £3.8m to £3.9m, the pre-tax profits of E. C. Cases (patents, garden sheds) fell 59 per cent to £159,000 last year. Most of the fall came in the first six months but the second six months saw a decline of 16 per cent before tax to £102,000. Profits are stated after allowing for a fall in the value of stocks, written down by £28,000, and redundancy payment accounted for £19,000. Earnings a share are 2.64p, against 4.65p, but shareholders will receive a dividend of 1.94p gross, against 1.8p.

### Lean times for Metall AG

Frankfurt, March 29.—Metallgesellschaft AG's group profit for year ended September 2, 1975, slumped from DM6.52 to DM2.51m (about £4.5m). This was on sales of DM5.4m (DM6.6m). Of this turnover abroad was 35 per cent (28 per cent). World sales fell 15.5 per cent to DM5,075m. Earnings in the first five months of the current year, 1975-76 were below year-ago levels and the company would need optimism to expect final profits to reach last year's figures, Herr Jakobus Greven, the financial director states. This was his only comment when asked whether the com-

### Non-tobacco side Gallaher's hope

The non-tobacco operations of Gallaher, the tobacco, engineering, optical and distribution group, are all areas where growth can be expected, Mr A. W. Stewart-Moore, the chairman, says in his first annual statement.

The group will encourage these activities to expand and to search for new markets, but for many years to come the group—a subsidiary of American Brands of the United States—will be dependent on profit from tobacco. He points out that the United Kingdom is the group's most important market and must face increasing competition from overseas and the E.E.C.

### Overseas

Many expected a higher or lower dividend for the current year. The 1974-75 dividend was cut to DM5 from DM6. The chairman, Herr Karl Gusav Rajen said that overall turnover between October and February fell a net 5 per cent, due mainly to lower metal prices. In this period sales were down 16.5 per cent for the metal sector, down 14 per cent for manufacturing, unchanged

### Amal Metal sells unit to Jardine

Amalgamated Metal Corporation has agreed in principle to sell Sandilands Battery to Jardine Matheson (South East Asia) for S\$4m (£1.63m). The S\$4m will be paid in instalments with a further two equal payments at the end of 1976 and 1977. The sale is subject to the relevant consents of Government and other authorities in the United Kingdom, Malaysia and Singapore.

### Foreign Exchange

The dollar yesterday closed firm against most European currencies except the lire, which recovered the 2 per cent depreciation that occurred during the morning, to close unchanged from pre-weekend levels. Main trading attention focused on weakness of lire and sterling. Sterling closed at \$1.9170 against the dollar, down 35 points from Friday, stabilising at around the \$1.9160 level most of the day after recovering from the initial "low" of \$1.9130/40. The pound's "effective rate" widened from 33.8 to 33.9 per cent—its worst level ever. Gold fell \$1.75 an ounce, to \$129.50.

### Spot Position of Sterling

Market rates (day's range)	March 29	March 30
New York	\$1.9160-1.9170	\$1.9160-1.9170
London	£1.0000-1.0000	£1.0000-1.0000
Frankfurt	DM 3.36-3.37	DM 3.36-3.37
Paris	FF 6.55-6.56	FF 6.55-6.56
Geneva	Sw 1.75-1.76	Sw 1.75-1.76
Basel	Sw 1.75-1.76	Sw 1.75-1.76
Brussels	BF 40.00-40.00	BF 40.00-40.00
Amsterdam	gld 3.75-3.76	gld 3.75-3.76
Stockholm	S 4.60-4.61	S 4.60-4.61
Copenhagen	Dkr 16.46-16.47	Dkr 16.46-16.47
Oslo	Nkr 4.75-4.76	Nkr 4.75-4.76
Stockholm	S 4.60-4.61	S 4.60-4.61
Oslo	Nkr 4.75-4.76	Nkr 4.75-4.76
Stockholm	S 4.60-4.61	S 4.60-4.61
Oslo	Nkr 4.75-4.76	Nkr 4.75-4.76

### Forward Levels

Market rates (day's range)	March 29	March 30
New York	\$1.9160-1.9170	\$1.9160-1.9170
London	£1.0000-1.0000	£1.0000-1.0000
Frankfurt	DM 3.36-3.37	DM 3.36-3.37
Paris	FF 6.55-6.56	FF 6.55-6.56
Geneva	Sw 1.75-1.76	Sw 1.75-1.76
Basel	Sw 1.75-1.76	Sw 1.75-1.76
Brussels	BF 40.00-40.00	BF 40.00-40.00
Amsterdam	gld 3.75-3.76	gld 3.75-3.76
Stockholm	S 4.60-4.61	S 4.60-4.61
Copenhagen	Dkr 16.46-16.47	Dkr 16.46-16.47
Oslo	Nkr 4.75-4.76	Nkr 4.75-4.76
Stockholm	S 4.60-4.61	S 4.60-4.61
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Stockholm	S 4.60-4.61	S 4.60-4.61
Oslo	Nkr 4.75-4.76	Nkr 4.75-4.76

### Gold

Gold fell \$1.75 an ounce, to \$129.50. The price of gold in London fell 10s 6d to £312.10. The price of gold in New York fell 10c to \$129.50. The price of gold in Hong Kong fell 10c to HK\$1,295.00. The price of gold in Singapore fell 10c to S\$129.50. The price of gold in Tokyo fell 10c to ¥1,295.00. The price of gold in Seoul fell 10c to ₩1,295.00. The price of gold in Manila fell 10c to ₱1,295.00. The price of gold in Bangkok fell 10c to ฿1,295.00. The price of gold in Jakarta fell 10c to Rp1,295.00. The price of gold in Kuala Lumpur fell 10c to RM1,295.00. The price of gold in Singapore fell 10c to S\$129.50. The price of gold in Hong Kong fell 10c to HK\$1,295.00. The price of gold in Seoul fell 10c to ₩1,295.00. The price of gold in Manila fell 10c to ₱1,295.00. The price of gold in Bangkok fell 10c to ฿1,295.00. The price of gold in Jakarta fell 10c to Rp1,295.00. The price of gold in Kuala Lumpur fell 10c to RM1,295.00. The price of gold in Singapore fell 10c to S\$129.50. 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## Legal Appointments

All recruitment advertisements on this page are open to both male and female applicants

### Botswana Assistant Attorney-General

Duties include appearing in court in civil matters, assisting in prosecutions, drafting and approving contracts and commercial and international agreements, some legal drafting and giving general advice to Government departments. Candidates must be qualified solicitors or barristers, and experience in criminal and civil litigation, commercial law and legal drafting is desirable. Starting salary is in a scale equal to £6740-£7810 pa. (MA 312/TA)

### Magistrate

In addition to normal judicial duties the successful candidate will supervise junior Magistrates. Applicants must be qualified solicitors or barristers with at least five years experience since admission or call. Preference will be given to those with magisterial experience. Starting salary is in a scale equal to £3810-£7085 pa. (MA 311/TA)

The salary scales include a substantial and normally tax-free supplement paid under Britain's overseas aid programme and the basic salary of each post attracts a 25% tax-free gratuity. Additional benefits include free passages, generous paid leave, children's holiday visit passages and education allowances, subsidised housing, an interest free car loan of £900 and appointment grant up to £300.

For further details and application form write to

**Crown Agents**  
Appointments Division, 4 Millbank, London SW1P 3JD, quoting appropriate reference.

### BIRMINGHAM

### CONVEYANCING AND LITIGATION POSTS

Large Birmingham City Centre Firm of Solicitors seek:  
Conveyancing Solicitor (with three to four years experience since admission) to handle a wide range of different commercial and other property matters and deal direct with clients;  
Litigation Solicitor able to tackle a wide range of contentious work with the minimum of supervision.

Applications in confidence to:  
Staff Partner (S),  
EVERSHED & TOMKINSON,  
10 Newhall Street,  
Birmingham, B3 3LX.

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Qualified Solicitor with experience in Commercial, Company, Conveyancing and Probate required for Copperbelt firm. Salary £3,380 (all present rate of exchange). Two year contract renewable by mutual consent. 25% gratuity on completion of two year contract. free accommodation and other fringe benefits. Single or married man with no children preferred.

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**MESSRS. CLARKSON WRIGHT & JAKES,**  
303 High Street, Orpington, Kent BR6 0PG,  
Ref. DHM.

## Appointments Vacant also on page 28

### GENERAL VACANCIES

### ENGLISH-FRENCH TECHNICAL TRANSLATOR

The CENTRAL OFFICE OF INFORMATION is seeking a translator-fitter with French as mother tongue and knowledge of technical and scientific terminology in English, French and German. The post will be within the scale appropriate to the grade of the present medium of the information officer grade in the Civil Service. The successful candidate will be required to translate and edit documents in English, French and German.

For full details and application form please send request to Central Office of Information, 100 Whitehall, London SW1A 2DY. Tel: 01-914 2100. Reference: number 001/100. Closing date: 15 April 1976.

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We can help you if you are: **PLANNING** your career, **RE-EVALUATING** your present position, **CHANGING** your career, **ADVANCING** your career.

Our experienced advisers will help you to plan your career and help you to achieve your goals. We will help you to plan your career and help you to achieve your goals.

**CAREER ANALYSTS**, who can help you to plan your career and help you to achieve your goals. We will help you to plan your career and help you to achieve your goals.

### GENERAL VACANCIES

### BRITISH ANTIQUE DEALERS ASSOCIATION ASSISTANT SECRETARY

Applications are invited for the post of Assistant Secretary to the British Antique Dealers Association. The successful candidate will be responsible for the day-to-day running of the Association and will be required to liaise with the various departments of the Association. The post is full-time and the salary is £3,500 per annum.

### ACCOUNTANT

P.R. CONSULTANCY has an interesting opportunity for a full-time accountant. The successful candidate will be responsible for the day-to-day running of the company and will be required to liaise with the various departments of the company. The post is full-time and the salary is £3,500 per annum.

### MANAGEMENT ACCOUNTANTS

Young person accounting needed part-time accountant. The successful candidate will be responsible for the day-to-day running of the company and will be required to liaise with the various departments of the company. The post is part-time and the salary is £3,500 per annum.

### Immediate opportunity ACCOUNTANT

Preferred with machine experience for a machine accountant. The successful candidate will be responsible for the day-to-day running of the company and will be required to liaise with the various departments of the company. The post is full-time and the salary is £3,500 per annum.

### THE HEADMASTER DOVER COLLEGE

TO TEACH AT ALL LEVELS. Further details from: THE HEADMASTER, DOVER COLLEGE, DOVER, KENT. Tel: Dover 203969

## SOLICITORS

We have the following new positions for Solicitors wishing to practice Maritime Law in the following fields —

Ship finance and related work including preparation and consideration of new building contracts, foreign flag, tax and other similar problems, contracts for sale, mortgages and security documents for the shipping and oil industries. Admiralty and related work to include collision and salvage, general average and claims and litigation arising.

Applicants should preferably be Solicitors with previous or related experience but those with good degrees who wish to specialise may also apply.

All positions may involve a certain amount of foreign travel. Good salaries and prospects for the right applicants.

Write in confidence with Curriculum Vitae including qualifications and experience as follows:

By: **SINCLAIR, ROCHE & TEMPERLEY,** Solicitors, 125-129 Old Broad Street, London, EC2M 4JP. Telephone No: 01-247 6885

For further details and application form write to:

**Telford** Your Opportunity

**Telford Development Corporation**

**ASSISTANT SOLICITOR**

Applications are invited for this appointment of the staff of the Corporation Solicitor. The appointment will be made on Grade VII (£4395-£5445) for a recently admitted solicitor or on Grade VIII (£4892-£5406) for a solicitor with not less than three years admitted service.

The post offers general legal work with excellent opportunities for a solicitor seeking experience in the public service in an organisation with a strong commercial bias.

Housing may be available. Removal expenses and temporary lodging allowances are payable in approved cases. The successful applicant will have the benefit of a non-contributory life assurance scheme and the Local Government Superannuation provisions.

Application forms may be obtained from The Secretary, Telford Development Corporation, Priorities Hall, Telford, Shropshire TF2 9NT, and should be returned by not later than 12 April 1976, quoting Ref. No. 20/20.

Reference: TFD

Apply in confidence to:

**R. H. R. Clifford, Esq.,** Kempson House, Camomile Street, London EC3A 7AN.

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**YOUNG SOLICITOR**

for their Property Department having two years good general property experience to work as assistant to one of the Senior Partners in the Department. The work has a commercial and financial bias with some estate and domestic aspects. The right person will have drive and a capacity for hard work and a sense of humour. Generous salary offered according to experience.

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01-629 0242

Reference: TFD

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